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## Exporter Questionnaire

**Case number:** 569

**Product:** Certain grinding balls

**From:** The People's Republic of China (China)

**Inquiry period:** 1 October 2019 to 30 September 2020 (the period)

**Response due by:** 3 February 2021

**Email enquiries to:** [investigations1@adcommission.gov.au](mailto:investigations1@adcommission.gov.au)

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

<p><b>Responses to the exporter questionnaire must be submitted via SIGBOX. Please contact the Commission on the above email address to request access to SIGBOX.</b></p>
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## CHECKLIST

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

<b>Section</b>	Please tick if you have responded to all questions
Section A Company information	✓
Section B Export sales to Australia	✓
Section C Exported goods & like goods	✓
Section D Domestic sales	✓
Section E Due allowance	✓
Section F Third country sales	✓
Section G Cost to make and sell	✓
Section H Particular market situation	✓
Section I Countervailing	✓
Section J Chinese Market	✓
Section K Production & Production Costs	✓
Section L Australian Market	N/A
Exporter's declaration	✓
Non-confidential version of this response	<input type="checkbox"/>

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

**PUBLIC VERSION**

G-10 Capacity Utilisation	✓
I-1 Company Turnover	✓
I-2 Income Tax	✓
I-3 Grants	N/A
I-4 Tariff and VAT	N/A
I-5 Preferential Loans	✓

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

1. Please nominate a contact person within your company:

Name: **BAO Shaojun**  
Position in the company: **General Manager**  
Telephone: [REDACTED]  
E-mail address: [REDACTED]

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

Name: **John Bracic**  
Address: **Director**  
Telephone: **+61 499 056 729**  
E-mail address: **john@jbracic.com.au**

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

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

**ANSWER:**

**The Company's financial records are held at its office address, being No. 1 Changshan Road, Jiangyin City, PRC.**

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

**ANSWER:**

**Same as above.**

5. Please provide the location of your company's production plant manufacturing the goods under consideration.

**ANSWER:**

**Please note that the plant of XINGCHENG MAGOTTEAUX has been relocated after the Period. The plant location during the Period was No. 58, Xiyanshan Road, Jiangyin City, PRC. The current address is No. 10 Changda Road, Jiangyin City, PRC.**

### A-2 Company information

1. What is the legal name of your business?

**ANSWER:**

**The business name is JIANGYIN XINGCHENG MAGOTTEAUX STEEL BALLS CO., LTD. (hereinafter referred to as "XINGCHENG MAGOTTEAUX" or "the Company"). It is a sino-foreign joint venture company. The Company has no other business name.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX trades under its own name for its own production of the goods under investigation in the domestic and export markets.**

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

**ANSWER:**

**Not applicable.**

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

**ANSWER:**

**Please find the list of directors in the following table, which remain unchanged over the last two years.**

<b>XINGCHENG MAGOTTEAUX</b>
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**PUBLIC VERSION**

NO.	NAME	POSITION
1		
2		
3		
4		
5		
6		
7		

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:
- A diagram showing the complete ownership structure; and
  - A list of all related companies and its functions

**ANSWER:**

**Please refer to Attachment A-2.5 for the diagram showing the ownership structure and the list of all related companies and their functions.**

6. Is your company or parent company publically listed?  
If yes, please provide:
- The stock exchange where it is listed; and
  - Any principle shareholders<sup>1</sup>

If no, please provide:

- A list of all principal shareholders and the shareholding percentages.

**ANSWER:**

**XINGCHENG MAGOTTEAUX and its parent companies are not publicly listed. The two shareholders of XINGCHENG MAGOTTEAUX are JIANGYIN XINGCHENG SPECIAL STEEL WORKS CO., LTD. (hereinafter referred to as “JIANGYIN XINGCHENG”) and MAGOTTEAUX INTERNATIONAL S.A. Please find the information of shareholders and the shareholding percentages in the following table:**

XINGCHENG MAGOTTEAUX		
NO.	Name of Shareholders	Shareholding Percentages
1	JIANGYIN XINGCHENG	
2	MAGOTTEAUX INTERNATIONAL S.A.	

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX is a limited liability company specialising in the production and sale of the goods under consideration both in the domestic and export markets.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX has only performed functions (a), (b) and (d) during the Period. Please kindly note that since the establishment of XINGCHENG MAGOTTEAUX in 2017, the Company has not exported the goods under consideration directly or indirectly to Australia.**

9. Provide your company’s internal organisation chart.

**ANSWER:**

**Please refer to Attachment A-2.9 for XINGCHENG MAGOTTEAUX’s internal organisation chart.**

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

<sup>1</sup> Principal shareholders are those who are able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company.

**ANSWER:**

Please refer to Attachment A-2.9, which is self-explanatory.

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

**ANSWER:**

Please refer to Attachment A-2.11 for XINGCHENG MAGOTTEAUX's introduction brochure.

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

1. What is your financial accounting period?

**ANSWER:**

The financial accounting period of XINGCHENG MAGOTTEAUX is from January 1 to December 31.

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

**ANSWER:**

XINGCHENG MAGOTTEAUX's financial accounts are audited. The auditor is [REDACTED].

3. What currency are your accounts kept in?

**ANSWER:**

XINGCHENG MAGOTTEAUX's accounts are kept in Chinese Yuan (RMB).

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

**ANSWER:**

The financial system used by XINGCHENG MAGOTTEAUX is [REDACTED].

5. What is the name of your sales system?

**ANSWER:**

XINGCHENG MAGOTTEAUX adopts [REDACTED].

6. What is the name of your production system?

**ANSWER:**

XINGCHENG MAGOTTEAUX adopts [REDACTED].

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

**ANSWER:**

The [REDACTED] framework software and [REDACTED] production and sale system are interacted automatically. All the fundamental data entered into the [REDACTED] production and sale system then transfer to [REDACTED] framework software automatically at the end of each month. The only exception is the cost calculation progress. XINGCHENG MAGOTTEAUX uses the cost data in the [REDACTED] production and sale system to calculate the cost of each steel grade manually, and then inputs the cost calculation results to the [REDACTED] framework software.

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

**ANSWER:**

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

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

**ANSWER:**

Please find the significant changes in accounting policies in Section Four "Summary of Significant Accounting Policies and Accounting Estimates" of Attachments A-4.1.1 and A-4.1.2 for XINGCHENG MAGOTTEAUX's annual audited financial reports.

XINGCHENG MAGOTTEAUX has not changed its accounting methods during the last two years. XINGCHENG MAGOTTEAUX prepares the annual financial statements in accordance with the Circular on the Amendment to the Formats of Corporate Financial Statements published each year.

## A-4 Financial Documents

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

**ANSWER:**

Please refer to Attachments A-4.1.1 and A-4.1.2 for the audited financial reports of XINGCHENG MAGOTTEAUX for the years 2018 and 2019.

Please kindly note that there is no other companies located in China involved in the production of goods under consideration. [REDACTED] is the only related company located in China that is involved in the sale of the goods under consideration and [REDACTED] [related party function]. Please refer to Attachments A-4.1.3 and A-4.1.4 for the audited financial reports of [REDACTED] for the years 2018 and 2019.

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

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX's financial statements are audited.**

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

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX has not maintained different profit centres during the Period.**

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

**ANSWER:**

**Please kindly note that the quarterly or half-yearly income statements do not apply to the Company. Please refer to Attachment A-4.4 for the income statement for the year 2020, Attachments A-4.1.1 and A-4.1.2 for the years 2018 and 2019.**

5. Please provide a copy of your company's trial balance (in Excel) covering the period and the most recent financial year.

**ANSWER:**

**Please refer to Attachment A-4.5 for the documents required.**

6. Please provide your company's chart of accounts (in Excel).

**ANSWER:**

**Please refer to Attachment A-4.6 for the chart of accounts.**

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

## SECTION B

### EXPORT SALES TO AUSTRALIA

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia during the period. Thus, the Section B is not applicable except questions under B-4.**

#### **B-1 Australian export sales process**

1. Provide details (and diagrams if appropriate) of the export sales process of your company and representatives (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
2. In what currency do you invoice your customers for goods exported to Australia? 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 in your accounting system and how often is it updated?
3. Are there any customers of the goods exported to Australia related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.
4. If sales are in accordance with price lists or price extras list, provide copies of these lists.
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.
6. Did you provide on-invoice discounts and/or off-invoice rebates to any customer or an associate of the customer in relation to the sale of the goods exported to Australia 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.
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 exported to Australia during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.
8. In establishing the date of sale, the Commission will normally use the date of invoice as it best reflects the material terms 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?

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

1. Complete the worksheet named "B-2 Australian sales"
  - This worksheet lists all sales (i.e. transaction by transaction) exported to Australia of the goods invoiced within the period. This includes exports to Australia sold through a domestic customer.
  - 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.
2. Complete worksheet “B-2.2 Australian sales source” showing the relevant source of the data used for each column of worksheet “B-2 Australian sales”.

### **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.*

2. For each document, please annotate the documents or provide a table reconciling the details in the “B-2 Australian sales” listing to the source documents in B-3.1.

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

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

**ANSWER:**

**Please find the information required in Exhibit B-4.**

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.

**ANSWER:**

**Please find the information required in Exhibit B-4.**

**The data filled in Exhibit B-4 are derived from the 2019 Audit Report (Attachment A-4.1.2), the Trail Balance (Attachment A-4.5), and ██████████ production and sale system.**

3. For any amount in the “B-4 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 D of the worksheet; and
  - highlight or annotate the amount shown in the source document; and
  - provide the account code and sub-account code (if applicable) at column E of the worksheet.

**ANSWER:**

**Please find the information required in Exhibit B-4, and the related information has been highlighted.**

### **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.

**ANSWER:**

**Please find the information required in Exhibit B-5.**

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-5 Upwards selling expense” worksheet. If the documents include spreadsheets, all formulas used must be retained.

**ANSWER:**

**The data filled in Exhibit B-5 are derived from the Trail Balance (Attachment A-4.5).**

3. For any amount in the “B-5 Upwards selling expense” 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 C of the worksheet; and
  - highlight or annotate the amount shown in the source document; and
  - provide the account code and sub-account code (if applicable) at column D of the worksheet.

**ANSWER:**

**Please find the information required in Exhibit B-5, and the related information has been highlighted.**

## SECTION C EXPORTED GOODS & LIKE GOODS

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

### C-1 Models exported to Australia

**ANSWER:**

XINGCHENG MAGOTTEAUX did not export to Australia during the period. Thus, question C-1 is not applicable.

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

### 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.

**ANSWER:**

During the period, the goods under consideration sold on the domestic market were ferrous grinding balls, containing alloy, forged, with diameters in the range of 25mm to 140mm.

Please find the information required in the table below:

MCC Code	Cr	Diameter (mm)	Product Code /Steel Grade
F-63.5-MGQ02	XXXX	63.5	MGQ02
F-127-MGQ16	XXXX	127	MGQ16
F-101.6-MGQ15	XXXX	101.6	MGQ15
F-88.9-MGQ04	XXXX	88.9	MGQ04
F-114.3-MGQ15	XXXX	114.3	MGQ15
F-127-MGQ06	XXXX	127	MGQ06
F-76.2-MGQ03	XXXX	76.2	MGQ03
F-63.5-XCQ5001	XXXX	63.5	XCQ5001
F-50.8-MGQ01	XXXX	50.8	MGQ01
F-38.1-MGQ01	XXXX	38.1	MGQ01
F-101.6-MGQ05	XXXX	101.6	MGQ05
F-114.3-MGQ05	XXXX	114.3	MGQ05
F-88.9-MGQ14	XXXX	88.9	MGQ14

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

**ANSWER:**

Please find the information required in the table below:

MCC Code	Product Code /Steel Grade
F-63.5-MGQ02	MGQ02

F-127-MGQ16	MGQ16
F-101.6-MGQ15	MGQ15
F-88.9-MGQ04	MGQ04
F-114.3-MGQ15	MGQ15
F-127-MGQ06	MGQ06
F-76.2-MGQ03	MGQ03
F-63.5-XCQ5001	XCQ5001
F-50.8-MGQ01	MGQ01
F-38.1-MGQ01	MGQ01
F-101.6-MGQ05	MGQ05
F-114.3-MGQ05	MGQ05
F-88.9-MGQ14	MGQ14

**C-3 Internal product codes**

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

If yes:

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

**ANSWER:**

XINGCHENG MAGOTTEAUX uses the grade of grinding balls as the product code. Each code consists of three parts:

- (1) [REDACTED];
- (2) [REDACTED];
- (3) [REDACTED].

All product codes used during the period are listed in the table below:

Steel Grade	Diameter (mm)	Cr
MGQ02	[REDACTED]	[REDACTED]
MGQ16	[REDACTED]	[REDACTED]
MGQ15	[REDACTED]	[REDACTED]
MGQ04	[REDACTED]	[REDACTED]
MGQ15	[REDACTED]	[REDACTED]
MGQ06	[REDACTED]	[REDACTED]
MGQ03	[REDACTED]	[REDACTED]
XCQ5001	[REDACTED]	[REDACTED]
MGQ01	[REDACTED]	[REDACTED]
MGQ01	[REDACTED]	[REDACTED]
MGQ05	[REDACTED]	[REDACTED]
MGQ05	[REDACTED]	[REDACTED]
MGQ14	[REDACTED]	[REDACTED]
XCQ5501	[REDACTED]	[REDACTED]
XCQ6001	[REDACTED]	[REDACTED]
XCQ6002	[REDACTED]	[REDACTED]

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

**ANSWER:**

XINGCHENG MAGOTTEAUX only produces goods under consideration. Please refer to the information under the reply to C-2.1 for the relationship between MCC and XINGCHENG MAGOTTEAUX's own product code.

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

If no:

**ANSWER:**

**Please find the information under the reply to C-2.1.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX only produces forged grinding balls, thus the MCC for all XINGCHENG MAGOTTEAUX's goods start with letter "F". Besides, the diameter and the grade/model code for each product are kept on the company's records, which can be relied by XINGCHENG MAGOTTEAUX to report the MCC.**

## 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

**ANSWER:**

In general, grinding balls are commodity type products, with XINGCHENG MAGOTTEAUX servicing and supporting [REDACTED]. These [REDACTED] provide a one-stop service regarding all grinding materials (including goods under consideration) to ultimate end-users like mining corporations.

During the period, the company only sold to [REDACTED] domestically, and you may find the detailed descriptions of sales process as follows.

- Marketing and advertising activities were not applicable for the sales of goods under consideration.
- The customers contacted and negotiated with XINGCHENG MAGOTTEAUX. Following to the benchmark consistent with cost accounting and market principles, the sales managers negotiated with different customers, and the final price would be determined case by case.
- Customers placed the order to the XINGCHENG MAGOTTEAUX.
- Both sides negotiated the detailed information like product specification, quantity, price and sales terms regarding payment and delivery, and confirmed the sales contract. Depending on the quantity and the specification of the goods ordered, the lead time for manufacturing might vary from [REDACTED] to [REDACTED] days.
- All domestic sales were made on [REDACTED]. XINGCHENG MAGOTTEAUX arranged the production and informed the customer to pick up the goods after the production. For the convenience of the customers, XINGCHENG MAGOTTEAUX [REDACTED] [REDACTED] [confidential delivery terms].
- XINGCHENG MAGOTTEAUX issued the invoice and collected the payment from customers directly.
  - [REDACTED]. According to the calculation detailed in Attachment E-1.1, the credit term for [REDACTED] was nearly [REDACTED] days.
  - For [REDACTED] and [REDACTED], XINGCHENG MAGOTTEAUX provided [REDACTED] payment term.

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.

**ANSWER:**

During the period, there are two related customers, i.e., [REDACTED] and [REDACTED]. Prices of grinding balls are determined based on the price of raw materials, market principles, and the negotiation between the Company and customers.

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

**ANSWER:**

Not applicable. The Company does not have price list for the goods under consideration.

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.

**ANSWER:**

During the period, there was only one distribution channel, i.e., [REDACTED]. All sales were made on the same level of trade. Please find the diagram for domestic distribution channel in Attachment D-1.4.

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 customer to obtain the discount.

**ANSWER:**

**Not applicable.**

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.

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX did not issue any credit or debit notes in the period.**

7. In establishing the date of sale, the Commission will normally use the date of invoice as it best reflects the material terms 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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX reported the date of invoice as date of sale.**

## D-2 Domestic sales listing

1. Complete the worksheet named “D-2 Domestic sales”
- This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia
  - If you have claimed in B-1.8 and/or 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.

**ANSWER:**

**Please find the domestic sales data in Exhibit D-2.**

2. Complete worksheet “D-2.2 domestic sales source” listing the source of the data used for each column in worksheet “D-2 domestic sales”.

**ANSWER:**

**The data for each column in Exhibit D-2 was directly generated from XINGCHENG MAGOTTEAUX’s sales accounting system. Please find the source of the data used in Exhibit D-2 in Exhibit D-2.2.**

## 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.*

**ANSWER:**

**Please find the contract, VAT invoices and proof of payment attached as Attachment D-3.1.1. The account receivable ledger for [REDACTED] can be found in D-3.1.2.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX has annotated the selected documents for the convenience of review.**

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

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

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

**ANSWER:**

**Please find the information required under Exhibit B-4.**

2. Please provide all documents, other than those in A-4, D-2 and F-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.

**ANSWER:**

**Please find the information required under Exhibit B-4.**

3. For any amount in the “B-4 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 D of the worksheet;  
and
  - highlight or annotate the amount shown in the source document.

**ANSWER:**

**Please find the information required under 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

**ANSWER:**

XINGCHENG MAGOTTEAUX only provided a rolling credit facility to domestic customer [REDACTED]. Please find the calculation worksheet for accounts receivable of [REDACTED] in Attachment E-1.1. The average credit term for [REDACTED] is nearly [REDACTED] days. The payment term for the other domestic customers is "[REDACTED]", thus the credit term [REDACTED] and [REDACTED] is [REDACTED] days.

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

**ANSWER:**

There was only [REDACTED] [Loan details] during the period. Please find the loan agreement and loan receipt in Attachment I-5.7.5.

XINGCHENG MAGOTTEAUX calculated the reported credit expenses as follows:  
Credit expense = gross price \* credit term \* average short-term interest rate/365.

The average short-term interest is [REDACTED] %, which is calculated based on the interest rate incurred under the Loan Agreement and loan receipt between XINGCHENG MAGOTTEAUX and [REDACTED] [Bank]. Please see the interest rate in the loan receipt of the Attachment I-5.7.5.

- (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?

**ANSWER:**

**Not applicable.**

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 Australian customer (credit sales divided by the average accounts receivable).
    - ii. Calculate the average credit term for each Australian 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. Do you have 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?

**ANSWER:**

XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.

### E-2 Packaging

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

**ANSWER:**

XINGCHENG MAGOTTEAUX uses [REDACTED] or [REDACTED] for packaging. The grinding balls can also be sold in bulk under certain circumstances.

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

**Generally, XINGCHENG MAGOTTEAUX offers the similar packaging for domestic sales and export sales.**

### **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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX only sells on [REDACTED] basis for domestic sales.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

### **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.

**ANSWER:**

**Not applicable.**

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?

**ANSWER:**

**The value-added tax applicable to the goods and like goods in the period for XINGCHENG MAGOTTEAUX was 13%.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX records the VAT under Account No. [REDACTED], which is a separate account for tax payable. The VAT is not part of the sales revenue.**

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

**ANSWER:**

**The VAT refund rate applicable to goods under consideration for exportation was 13% in the period.**

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

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX did not import inputs consumed in the productions of the goods under consideration in the period.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not incur other direct selling in relation to domestic sales of like goods. Thus, this question is not applicable.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period. Thus, this question is not applicable.**

## **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 15 of the *Dumping and Subsidy Manual (November 2018)* for more information.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not claim other adjustments than credit expenses. Thus, this question is not applicable.**

## 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.

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not export to Australia in the period.**

**During the period, the company exported to end-users and distributors, and you may find the detailed descriptions of sales process as follows.**

- **Marketing and advertising activities were not applicable for the sale of goods under consideration.**
- **The customers contacted and negotiated with XINGCHENG MAGOTTEAUX. Following to the benchmark consistent with cost accounting and market principles, the sales managers negotiated with different customers, and the final price would be determined case by case.**
- **Customers placed the order to the XINGCHENG MAGOTTEAUX.**
- **Both sides negotiated the product specification, quantity, price and sales terms regarding payment and delivery and confirmed the sales contract. Depending on the quantity and the specification of the goods ordered, the lead time for manufacturing might vary from [REDACTED] to [REDACTED] days.**
- **XINGCHENG MAGOTTEAUX arranged the production and delivery in accordance with the instruction from the customer. Some distributors might intrust XINGCHENG MAGOTTEAUX to deliver the goods to the ultimate end-user located in third countries.**
- **XINGCHENG MAGOTTEAUX issued the invoice and collected the payment from customers directly. The payment terms can be varied from [REDACTED] to [REDACTED].**

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.

**ANSWER:**

**Please see the third country customers related to XINGCHENG MAGOTTEAUX in the list below:**

[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	

**Please find the details of price negotiation process under the reply to F-1.1.**

3. In establishing the date of sale, the Commission will normally use the date of invoice as it best reflects the material terms 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?

**ANSWER:**

**XINGCHENG MAGOTTEAUX reports the date of invoice as 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.

**ANSWER:**

**Please find third country sales data in Exhibit F-2.**

2. Complete worksheet “F-2.2 third country sales source” listing the source of the data for each column in the worksheet “F-2 third country sales”.

**ANSWER:**

**Please refer to the Exhibit F-2.2 for the third country sales source.**

### **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.

**ANSWER:**

**Not applicable.**

## 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.

**ANSWER:**

There are three different production processes respectively. Please see the Attachment G-1.1 for the production flowchart for details.

For the production process 1, [REDACTED]

For the production process 2, [REDACTED]

For production process 3, [REDACTED]

There is no by-product resulting from producing the goods. Only a small amount of steel scraps may generate from the rolling or forging steps.

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.

**ANSWER:**

During the period, all steel grinding bars were supplied by five related companies, i.e., [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED]. Among these five suppliers, [REDACTED] acted as a trader for the manufacturers, [REDACTED] and [REDACTED]. [REDACTED] and [REDACTED] are manufacturers and dealt with the company directly in the period.

In addition, [REDACTED] provided the plant and warehouse to the company during the period. The former charged [REDACTED] Yuan each year for rental fees of the plant, and charged [REDACTED]% of the net value of the materials or parts stored in the warehouse.

### G-2. Cost accounting practices

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

**ANSWER:**

The company's cost accounting system is based on actual costs.

2. If your 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.

**ANSWER:**

The company's cost accounting system is based on actual costs. Thus, this question is not applicable.

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.

**ANSWER:**

**The company produces only grinding balls, it has only one cost centre.**

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

**ANSWER:**

**The company calculates the production cost to the level of steel grade and then size (diameter).**

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

**ANSWER:**

**There is no such management accounting for cost.**

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.

**ANSWER:**

**No.**

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

**ANSWER:**

**The company uses weighted average method to value the raw material and finished goods inventories. The company does not calculate the cost for work-in-progress.**

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

**ANSWER:**

**Any damaged or sub-standard goods generated from the production is treated directly as steel scrap. The company does not value these steel scraps in its accounts.**

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

**ANSWER:**

**There are no by products or joint products result from the production of the goods under consideration. The steel scraps result from the rolling or forging are not valued in the company's accounts. If the steel scraps are sold on the market, the revenue realized would directly write-off the cost of production.**

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

**ANSWER:**

**According to the <Management and Service Agreement> between Jiangyin Xingcheng Special Steel Works Co., Ltd. and Jiangyin Xingcheng Magotteaux Steel Balls Co., Ltd, the latter pays XXXXXX Yuan to the former each year, for the services provided by the former to the latter, such as logistic, network, measuring, security etc.**

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

1. Complete the worksheet named "G-3 Domestic CTM".

- This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g.

import duty) must be included as ‘other costs’ if not already included, for example, under material costs.

- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**ANSWER:**

**Please see the attached Exhibit G-3 Domestic CTM for details.**

2. Complete worksheet titled “G-3.2 domestic CTM source” listing the source of the data for each column of the worksheet “G-3 domestic CTM”.

**ANSWER:**

**Please see the attached Exhibit G-3.2 domestic CTM source for details.**

## **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.

**ANSWER:**

**Please see the attached Exhibit G-4.1 SG&A listing for details.**

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

**ANSWER:**

**Please see the attached Exhibit G-4.2 Domestic SG&A calculation for details.**

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

1. Complete the worksheet named "G-5 Australian CTM".
  - This worksheet lists the quarterly cost to make the Australian models of the goods under consideration by MCC manufactured within the period.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as ‘other costs’ if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**ANSWER:**

**This question is not applicable since the company did not export any good under consideration to Australia during the period.**

2. Complete worksheet titled “G-5.2 Australian CTM source” listing the source of the data for each column of worksheet “G-5 Australian CTM”.

**ANSWER:**

**This question is not applicable since the company did not export any good under consideration to Australia during the period.**



## G-6 Cost allocation methodology

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

**ANSWER:**

**The raw materials costs are the actual costs incurred for each type of product.**

**The cost of Labour and Manufacturing overheads are historically allocated to each product based on the production quantity, the company applied this same method in G-3.**

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

**ANSWER:**

**The MCC for domestic model with the largest production volume is [REDACTED].**

**In G-3.1, the total production volume is [REDACTED] tons, and the month with largest production volume for [REDACTED] is [REDACTED]. Thus, the demonstration is made in Exhibit G-6.2 as attached for this particular MCC in [REDACTED]**

## G-7 Major raw material costs

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

**ANSWER:**

**The only raw material used in the manufacture of the goods under consideration is steel grinding bars.**

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

**ANSWER:**

**All steel grinding bars were sourced from five related companies mentioned under question G-1.2, but the company exercises no control over these companies. Thus, this question is not applicable.**

3. Using the domestic cost data in “G-3 Domestic CTM” (use “G-5 Australian CTM” if you have no domestic production of like goods), calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

**ANSWER:**

**The only raw material is steel grinding bars, which accounts around [REDACTED]% of the total cost to make.**

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

**ANSWER:**

**Please see Exhibit G-7.4 Raw material purchases for details.**

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

**ANSWER:**

The data in G-7.4 Raw material purchases is sourced from the company's management system.

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

**ANSWER:**

Please see Attachment G-7.5.a for the invoices and proof of payment for the two largest purchase. Please see Attachment G-7.5.b for the screen shot of the accounting system, which demonstrates the total purchase quantity and value of the purchase.

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

**ANSWER:**



All steel grinding bars were purchased from related companies. The prices were negotiated by the company with the related companies based on market principle, transaction by transaction.

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

1. Please complete the worksheet named "G-8 Upwards costs" to demonstrate that the cost listings in G-3 and G-5 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.

**ANSWER:**

Please see the Exhibit G-8 Upwards costs for details.

Please note that in the company's accounting practice, the "Cost to make the goods under consideration" is maintained for the product only without differentiating by market. Thus, the "Cost to make the goods under consideration" in G-8 by market is calculated by using  .

2. Please provide any documents, other than those in A-4, G-3 and G-5, required to complete the "G-8 Upwards costs" worksheet.

**ANSWER:**

The documents to support the completion of "G-8 Upwards costs" worksheet include the audit reports which have been attached to this questionnaire reply. Please see the Exhibit G-8.2 attached for additional documents, including the inventory ledger of the goods under consideration and the voucher for the variances.

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 D of the worksheet; and
  - highlight or annotate the amount shown in the source document; and
  - provide the account number and sub-account number (if applicable) at column E of the worksheet.

**ANSWER:**

Please see the Exhibit G-8.2 attached, the trace of cross-reference has been highlighted or annotate.

## **G-9 Production of the goods under consideration**

1. Describe your company's practices for capturing the production quantities reported at worksheets "G-3 domestic CTM" and "G-5 Australian CTM". Consider using a flowchart in answering this question.

**ANSWER:**

The plant maintains a Daily Production Report to record the daily production. At the end of each month, the plant will summarize the Daily Production Report of that month, and prepare a Monthly Production Report for the accounting department. The accounting department will record this monthly production quantity in the inventory ledger.

2. Outline the types of source documents kept by the company in relation to production quantities and how the production quantities are entered into the accounting system. Consider using a flowchart in answering this question.

**ANSWER:**

**The types of source documents kept by the company in relation to production quantities are Daily Production Report and Monthly Production Report.**

3. Briefly explain the reasons for any differences between:

- (a) the production quantities reported at worksheet “G-3 domestic CTM” and the sales volumes reported at worksheet “D-2 domestic sales”; and
- (b) the production quantities reported at worksheet “G-5 Australian CTM” and the sales volumes reported at worksheet “D-2 domestic sales”.

**ANSWER:**

**In “G-3 domestic CTM”, the production quantities are reported for all grinding balls manufactured during the period regardless the market, while the quantities reported in “D-2 domestic sales” are only for domestic sales.**

**In the company’s accounting practice, the “Cost to make the goods under consideration” is maintained for the product only without differentiating by market.**

4. Do you have warehousing facilities for the goods exported to Australia or sold domestically? If no, what do you do with excess inventory? If yes, please outline:

- (a) the volume capacity of these facilities;

**ANSWER:**

**The warehousing capacity is around [XXXX] tons.**

- (b) the monthly amount of inventory maintained during the period; and

**ANSWER:**

**The monthly amount of inventory maintained during the period is as below:**

Month	Ending Inventory (Ton)
Oct-19	[XXXXXX]
Nov-19	[XXXXXX]
Dec-19	[XXXXXX]
Jan-20	[XXXXXX]
Feb-20	[XXXXXX]
Mar-20	[XXXXXX]
Apr-20	[XXXXXX]
May-20	[XXXXXX]
Jun-20	[XXXXXX]
Jul-20	[XXXXXX]
Aug-20	[XXXXXX]
Sep-20	[XXXXXX]

- (c) the average period of time that inventory is retained, and how this is calculated.

**ANSWER:**

**The average period of time that inventory is retained is [XX] days, which is calculated as below.**

Monthly average Inventory in ton during the period	[XXXXXX]
Total sales quantities in ton during the period	[XXXXXX]
Turnover ratio	[XXXXXX]
Turnover days	[XXXXXX]

## G-10 Capacity Utilisation

1. Please complete the worksheet named “G-10 Capacity Utilisation”.

**PUBLIC VERSION**

- 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.

**ANSWER:**

**Please see Exhibit G-10 Capacity Utilisation.**

2. Explain how the production capacity and capacity utilisation has been calculated.

**ANSWER:**

**Please see the explanation note attached to Exhibit G-10.**

## SECTION H PARTICULAR MARKET SITUATION

### H-1 Reporting requirements

1. Describe generally all interaction that your business has with the Government of China at all levels, including (but not limited to):

(c) reporting requirements;

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not required to report to the Chinese government in relation to its normal business operation. XINGCHENG MAGOTTEAUX is a joint venture, and all its business decisions are made by the senior management of the company.**

(d) payment of taxes;

**ANSWER:**

**XINGCHENG MAGOTTEAUX pays taxes in accordance with relevant Chinese laws and regulations. These taxes are paid on a regular monthly or quarterly basis. Final tax liabilities are reconciled and paid at the end of each year as per Chinese legal requirements.**

(e) senior management representation within your business;

**ANSWER:**

**XINGCHENG MAGOTTEAUX is a joint venture. The Chinese government does not have any senior management representation within XINGCHENG MAGOTTEAUX's business.**

(f) supervision by the State-owned Assets Supervision and Administration Commission (SASAC) or a body under the control of SASAC.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is a joint venture, and it is not supervised by SASAC or any other bodies under the control of SASAC.**

(g) approval/negotiation of business decisions (e.g. investment decisions, management decisions, pricing decisions, production decisions, sales decisions);

**ANSWER:**

**All XINGCHENG MAGOTTEAUX's business decisions are made and resolved by the senior management of the Company.**

(h) licensing;

**ANSWER:**

**XINGCHENG MAGOTTEAUX's only interaction with the Chinese government in this regard is the issuance of its Business License.**

(i) restrictions on land use;

**ANSWER:**

**XINGCHENG MAGOTTEAUX faces no direction or restrictions from the Chinese government on its land usage.**

(j) provision of loans; or

**ANSWER:**

**XINGCHENG MAGOTTEAUX's loans are provided by the commercial banks. The terms and conditions of the loans are based on the bank's credit policies.**

(k) provision of grants, awards or other funds.

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not receive any grants, awards, or other funds during the period.**

### H-2 Business structure, ownership and management

1. Indicate whether your company is a state-owned or state-invested enterprise (SIE)

- A state owned enterprise refers to any company or enterprise that is wholly or partially owned by the GOC (either through direct ownership or through association).

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not a state-owned enterprise or state-invested enterprise.**

2. List the Board of Directors and Board of Shareholders of your business and all other entities/businesses your business is related to.

**ANSWER:**

**Please find the Board Directors of XINGCHENG MAGOTTEAUX and its related companies in Attachment H-2.2.**

3. Indicate the names of common directors and officers between your business and related businesses, where applicable.

**ANSWER:**

**[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] are common directors and officers between XINGCHENG MAGOTTEAUX and its related companies, which have been bold in the Attachment H-2.2..**

4. Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders representatives, employees, or otherwise affiliated with the Government of China (at any level, from any agency, party, or otherwise associated entity, including SASAC)? If yes, identify the individuals, their role on that Board and their affiliation with the Government of China.

**ANSWER:**

**XINGCHENG MAGOTTEAUX and its related companies' directors are not representatives, employees, or otherwise affiliated with the Chinese government.**

5. Does your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders have a representative from the Chinese Communist Party (CCP)? If yes, identify their name and title and indicate their position at the board level.

**ANSWER:**

**XINGCHENG MAGOTTEAUX and its related companies' directors are not representatives of or from the Chinese Communist Party.**

6. Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders appointed, managed or recommended by the Government of China? If yes, identify any relevant government department(s) they are affiliated with.

**ANSWER:**

**XINGCHENG MAGOTTEAUX and its related companies' directors are not appointed, managed, or recommended by the Chinese government.**

7. Indicate who owns what percentage of all shares in your business and identify whether they are:
- an affiliate, representative, agency or otherwise representative of the Government of China;
  - employees of your business;
  - foreign investors; or
  - other (please specify).

**ANSWER:**

**Please find the relevant information of XINGCHENG MAGOTTEAUX in the table below:**

<b>Name of the Shareholders</b>	<b>Proportion of Shareholdings</b>	<b>Character of the Shareholder</b>
<b>JIANGYIN XINGCHENG SPECIAL STEEL WORKS CO., LTD.</b>	<b>[REDACTED]%</b>	<b>Parent company</b>
<b>MAGOTTEAUX INTERNATIONAL S.A.</b>	<b>[REDACTED]%</b>	<b>Foreign investor</b>

**Please kindly note that neither shareholders of XINGCHENG MAGOTTEAUX are the affiliate, representative, agency or otherwise representative of the Chinese government.**

8. Provide the details of any significant changes in the ownership structure of your business during the period.

**ANSWER:**

**There are no changes in XINGCHENG MAGOTTEAUX's ownership structure during the period.**

9. Identify any positions within your business that are appointments or designated to act on behalf of Government of China authorities.

**ANSWER:**

**Anyone within XINGCHENG MAGOTTEAUX is not appointed or designated to act on behalf of the Chinese government.**

10. Explain whether there are requirements in law and in practice to have government representation at any level of your business. If there is such a requirement, explain the role of government representatives appointed to any level of your business.

**ANSWER:**

**There are no requirements of law or practice requiring or mandating government representation at any level of XINGCHENG MAGOTTEAUX's business.**

11. If your business is a publicly-traded company, what are the rules regarding the issuance of shares by your business? Identify any stock exchanges on which your business is listed.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not a publicly-traded company. The question is not applicable.**

12. Provide the monthly trading volume and average monthly trading price of your listed security over the period.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not a publicly-traded company. The question is not applicable.**

13. Who has the ability to reward, fire or discipline your business' senior managers?

**ANSWER:**

**According to the Article 8.2 of the Articles of Association, XINGCHENG MAGOTTEAUX's Board of Directors has the ability to reward, fire or discipline the senior managers. Please find the Articles of Association in Attachment H-4.1.**

14. Do any of your company's senior managers hold positions in any Government of China departments or organisations, associations or Chambers of Commerce? If yes, describe the nature of these positions.

**ANSWER:**

**XINGCHENG MAGOTTEAUX's senior managers do not hold positions in any Chinese government's departments or organisations, associations or Chambers of Commerce.**

15. Provide the names and positions of your company's pricing committee.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not have the pricing committee. The question is not applicable.**

### **H-3 Licensing**

1. Provide a copy of your business license(s).

**ANSWER:**

**Please find the Business License of XINGCHENG MAGOTTEAUX in Attachment H-3.1.**

2. Identify the Government of China departments or offices responsible for issuing the license(s).

**ANSWER:**

**XINGCHENG MAGOTTEAUX's Business License is issued by the Market Supervision and Administration of JIANGYIN.**

3. Describe the procedures involved in applying for the license(s).

**ANSWER:**

**According to requirements for *Registration of Establishment for Foreign-Invested Companies* published on the official website of Jiangyin's government, the procedures involved for XINGCHENG MAGOTTEAUX to apply for a business license are as follows:**

**(1) Preparing the relevant documents as demanded;**

**(2) Accepting the application by Market Supervision and Administration of JIANGYIN. In this process, if there were errors in the application documents which can be corrected on the spot, the applicant has the right to correct directly, and then sign or seal besides the correction and indicate the date of correction; if the application documents were complete and in conformity with the statutory forms, the application shall be accepted; if the application documents were not complete or not in conformity with the statutory forms, the applicant shall be informed on the spot of all the information to supplement.**

**(3) Reviewing the application and making the decisions according to relevant laws and regulations.**

Please find the relevant procedures in the column of *Handling Procedure of Attachment H-3.4*.

4. Describe any requirements or conditions that must be met in order to obtain the license(s).

**ANSWER:**

According to *Requirements for Registration of Establishment for Foreign-Invested Companies* published on the official website of Jiangyin's government, the foreign-invested companies need to prepare the following documents to obtain the business licenses:

- (1) Application for Company Registration;
  - (2) Articles of Association;
  - (3) Subject Qualification Certificate of the Investor or the Identity Card of the natural person.
  - (4) Copies of the Appointment Documents and Identity Certificates of the legal representative, director, supervisor and manager of the company;
  - (5) Usage Certificate for the business site;
  - (6) Copy of the approval document or license, if applicable;
  - (7) If the applicant obtained the company's name through the Name Self-Declaration System, the applicant shall submit the letter of commitment.
  - (8) Where a limited liability company is established by way of promotion, the minutes of the shareholders' meeting shall be submitted; where a limited liability company is established by stock floatation, the minutes of the inaugural meeting shall be submitted.
  - (9) Where a limited liability company is established by stock floatation, the original or valid copy of the approved document issued by China Securities Regulatory Commission shall be submitted.
- Please find the relevant requirements in the column of Attachment H-3.3.

5. Describe and explain any restrictions imposed on your business by the business license(s).

**ANSWER:**

There are no restrictions imposed on XINGCHENG MAGOTTEAUX by its Business License.

6. Describe any sanctions imposed on your business if you act outside the scope of your business license(s).

**ANSWER:**

According to Article 29 of *Regulation of the People's Republic of China on the Administration of the Registration of Enterprise Legal Persons (2019 Revision)*, when a company modifies any primary registered information without approval or engaging in business activities beyond the approved and registered business scope, the registration authority may, depending on the circumstances, issue a warning to it, impose a fine on it, confiscate its illegal income, order suspension of its business for rectification, or suspend or revoke its business license.

Please find the above-mentioned law in the Attachment H-3.6.

7. Describe and explain any rights or benefits conferred to your business under the license(s).

**ANSWER:**

Obtaining a business license is a standard aspect of company registration in China.

A business license establishes that the company concerned is a legal person. In that capacity the company is able to operate legally and freely carry out its business.

8. Describe the circumstances under which your business license(s) can be revoked, and who has the authority to revoke the license(s).

**ANSWER:**

According to article 29 of *Regulation of the People's Republic of China on the Administration of the Registration of Enterprise Legal Persons (2019 Revision)*, where a legal person falls under any of the following circumstances, the registration authority may, depending on the circumstances revoke its business license:

- (1) Concealing the truth or making falsification during registration or commencing business without being granted registration.
- (2) Modifying any primary registered information without approval or engaging in business activities beyond the approved and registered business scope.
- (3) Failing to cancel registration as required.
- (4) Forging, altering, leasing out, lending, transferring, or selling a Business License for Enterprise Legal Person or a duplicate thereof.
- (5) Withdrawing or transferring capital or concealing assets to evade repayment of debts.
- (6) Engaging in illegal business activities.

Please find the above-mentioned law in the Attachment H-3.6.



## H-4 Decision-making, planning and reporting

1. Provide a description of your business' decision-making structure in general and in respect of the goods. This should identify the persons or bodies primarily responsible for deciding:
  - a. what goods are produced;
  - b. how the goods are produced;
  - c. how levels of inputs such as raw materials, labour and energy are set and secured;
  - d. how the use of your outputs, such as product mix, is determined; and
  - e. how your business' profit is distributed.

**ANSWER:**

**According to article 6.3 of XINGCHENG MAGOTTEAUX's Articles of Association, the Board of Directors is responsible for deciding appointment, remuneration and removal of the Company's general manager, deputy general manager and financial manager, and deciding the distribution of company's profit.**

**According to article 8.4 of XINGCHENG MAGOTTEAUX's Articles of Association, the general manager is responsible for the daily management and operation of the Company, which includes the manufacturing, marketing and sales of the goods.**

**Please find the Articles of Association of XINGCHENG MAGOTTEAUX in Attachment H-4.1.**

2. Provide a description of any Government of China input into the decision-making process respecting your manufacture, marketing and sale of the goods.

**ANSWER:**

**There is no Chinese government's input, guidance or interference in the decision-making process regarding the manufacturing, marketing and sales of the goods produced by XINGCHENG MAGOTTEAUX.**

3. Provide a list of all government departments/offices that are involved, either directly or indirectly, in your manufacture, sale or purchase of the goods.

**ANSWER:**

**There are no government's departments or offices are involved, either directly or indirectly, in the manufacture, sale or purchase of goods produced by XINGCHENG MAGOTTEAUX.**

4. List and describe all reports that must be submitted to the Government of China periodically by your company, and identify the government department/office where each report is filed.

**ANSWER:**

**There are no reports that need to be submitted to the Chinese government periodically by XINGCHENG MAGOTTEAUX, except the required tax reporting to the State Administration of Taxation and annual renewal of registration and financial reporting to the State Administration of Industry and Commerce.**

5. Provide a copy of the last two Provincial/City Five Year Plans (including the appendices) for the province/city in which your business is located, whichever is applicable. The copies should be fully translated including the appendices, along with the original Chinese version.

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any Provincial/City Five Year Plans.**

6. Does your business develop any five-year plans or similar planning documents? If yes, provide copies of these plans and advise whether these plans have been submitted, reviewed or approved by the Government of China (including the National Development and Reform Commission).

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not develop any five-year plans or similar planning documents.**

7. Provide copies of the minutes of your Board of Directors and Board of Shareholders meetings over the period.

**ANSWER:**

**Please find the sample of the minutes of XINGCHENG MAGOTTEAU's Board of Directors meetings during the period in Attachment H-4.7.**

8. Provide copies of the notes to company meetings where pricing decisions on the goods under consideration have been made over the period.

**ANSWER:**

XINGCHENG MAGOTTEAUX does not hold meetings related to the pricing decisions. The sales price is finally decided by the negotiation with the Company and its customers. The question is not applicable.

## H-5 Financial and investment activities

1. Is your business debt funded? If yes, provide a list of all major lenders.

ANSWER:

XINGCHENG MAGOTTEAUX's business debt is funded via commercial loans from sub-branch [REDACTED]. Thus, the [REDACTED] is the major lender of XINGCHENG MAGOTTEAUX.

2. What is the rate of interest paid by your business on all debt instruments over the last 5 years?

ANSWER:

Since the establishment of XINGCHENG MAGOTTEAUX in 2017, the [REDACTED] loan interest rate has been [REDACTED]%, while the [REDACTED] interest rate has been [REDACTED]%.

3. Has your business benefited from any concessional interest rates for your loans/debts in the last 5 years? If yes, provide details.

Answer:

XINGCHENG MAGOTTEAUX did not benefit from any concessional interest rates in the last five years.

4. Has your business raised any capital using issuance of shares, preferential shares, rights issue, bonds, warrants, debentures, sub-ordinate loans or any other debt and/or equity instruments in the last 5 years? If yes:

- explain what instruments were used;
- identify the type (e.g government guarantee) and provider of the security; and
- explain the reasons for raising the capital.

ANSWER:

XINGCHENG MAGOTTEAUX did not raise any capital using issuance of shares, preferential shares, rights issue, bonds, warrants, debentures, sub-ordinate loans or any other debt or equity instruments in the last five years.

5. Does your business have policies on how cash reserves are to be invested? If yes, provide details.

ANSWER:

XINGCHENG MAGOTTEAUX does not have the policies mentioned in the question.

6. Has your business invested in either government or non-government debt securities (such as bonds, quasi-government bonds)? If yes, provide details (e.g. type of instrument, amount invested and the expected rate of return).

ANSWER:

XINGCHENG MAGOTTEAUX did not invest in government or non-government debt securities.

## H-6 Government policy on the industry

1. Are there any Government of China opinions, directives, decrees, promulgations, measures, etc. concerning industry of the goods that were put in place or operating during the period? If yes, please provide:

- copy of the documentation and a translation in English;
- documentation concerning the Government of China or any association of the Government of China's notification of the measures concerning the goods to your company during the period.

ANSWER:

XINGCHENG MAGOTTEAUX has no awareness of such Chinese government's opinions, directives, decrees, promulgations, measures, etc. concerning the goods that were put in place or operating during the period.

2. Provide information concerning the name of any Government of China departments, bureaus or agencies responsible for the administration of all Government of China measures concerning the industry of the goods in the regions, provinces or special economic zones where your company is located, including contact information regarding the following areas:

- industrial policy and guidance on the industry;

ANSWER:

Department	National development and reform commission
Address	38 South Yuetan Street, Xicheng District, Beijing 100824

**PUBLIC VERSION**

Phone number	+86-10-6850 1428
Fax number	+86-10-6850 2999

Department	Ministry of Industry and Information Technology
Address	13 West Changan Street, Xicheng District, Beijing 100804
Phone number	+86-10-6601 1228
Fax number	+86-10-6601 1228

- market entry criteria for the industry;

**ANSWER:**

The two Chinese government's departments mentioned in the previous question are also responsible for the market entry criteria for the industry.

- environmental enforcement for the industry;

**ANSWER:**

Department	Ministry of Ecology and Environment of the People's Republic of China
Address	115 Small Nan Street, Xizhimen, Xicheng District, Beijing 100035
Phone number	+86-10- 6655 6114
Fax number	+86-10- 8466 5415

- management of land utilization;

**ANSWER:**

Department	Ministry of Land and Resources
Address	64 Funei Avenue, Xicheng District, Beijing 100812
Phone number	+86-10-6655 8424
Fax number	+86-10-6655 8004

- the China Banking Regulatory Commission for the industry;

**ANSWER:**

Department	China Banking Regulatory Commission
Address	15 Financial Avenue, Xicheng District, Beijing 100800
Phone number	+86-10-6627 9378
Fax number	+86-10-6629 9144

- investigation and inspection of expansion facilities;

**ANSWER:**

XINGCHENG MAGOTTEAUX has no awareness of any departments or sections in the Chinese government in charge of investigation and inspection of expansion facilities.

- the section in the National Development and Reform Commission that is responsible for the industry; and

**ANSWER:**

XINGCHENG MAGOTTEAUX has no awareness of any functional division or section of the National Development and Reform Commission that is responsible for the steel industry, or how to contact any such division.

- import licensing for raw materials relating to the goods under consideration.

**ANSWER:**

XINGCHENG MAGOTTEAUX does not import raw materials. Thus, it has no awareness of any information about import licensing for raw materials relating to the goods.

3. Describe any role your company plays in the development of government's industrial plans and/or policies at all levels of government. For example, does your company provide information for, or request inclusion in, any plans, policies, or measures?

**ANSWER:**

As a local joint venture, XINGCHENG MAGOTTEAUX is not involved in or provided with any information for any government's industrial plans or policies.

4. Does your company provide information relating to assessments of the implementation of the plan, policy or measure?

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of such plan, policy or measures, and never provided any information relating to assessments for relevant implementation of such plan, policy or measures.**

5. Has the Government of China designated your company and/or industry as “pillar,” “encouraged,” “honourable,” or any other designation? If yes, please answer the following questions.
- Explain the purpose of these designations, the criteria for receiving any such designation, and the benefits or obligations that arise from each such designation.
  - Is there any connection between these designations and five-year plans or other industrial and/or economic policies or administrative measures?
  - Describe any instances in which your company cited Government of China plans, policies, or measures as support for receiving the financing that you report.

**ANSWER:**

**XINGCHENG MAGOTTEAUX was not designated with any designations mentioned in this question.**

## **H-7 Taxation**

1. Were there any export taxes on the exports of the goods during the period?

**ANSWER:**

**The export taxes were not applicable to the goods exported by XINGCHENG MAGOTTEAUX during the period.**

2. What was the value-added tax rebate applicable to exports of the goods during the period?

**ANSWER:**

**The value-added tax rebate applicable to exports goods during the period for XINGCHENG MAGOTTEAUX was 13%.**

3. Have there been any changes to the value-added tax rebate applicable to exports of the goods in the last 5 years? If yes, provide:

- a detailed chronological history of the value-added tax rebate rates;
- products affected;
- the effective dates of the rate changes;
- fully translated copies of any Government of China notices regarding these changes, including the relevant appendices.

**ANSWER:**

**The value-added tax rebate applicable to exports of the goods was changed from 5% to 13% in September 5, 2018 by State Taxation Administration. Please find the relevant documents in Attachment H-7.3.**

4. Are you aware of any tax changes being planned that would impact the industry?

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any tax changes being planned that would impact the industry at this stage.**

## **H-8 Sales Terms**

1. Identify the person who authorises the sales terms, prices and other contract provisions for the sale of the goods by your business.

**ANSWER:**

**XINGCHENG MAGOTTEAUX’s sales terms, prices and other contract provisions are decided by the negotiation with customers and authorised by XINGCHENG MAGOTTEAUX’s sales manager.**

2. Explain how the selling prices of the goods under consideration by your business are determined, including any Government of China involvement in your business’ pricing decisions, and indicate if the goods are subject to Government of China direct or indirect pricing or government guidance pricing.

**ANSWER:**

**XINGCHENG MAGOTTEAUX determines the final sales prices by negotiating with customers. The Chinese government is not involved in the setting of selling prices nor does it have any guidance role of any sort.**

3. Does your business coordinate the selling prices or supply of the goods with other domestic producers or any Government of China departments? If yes, provide details.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not coordinate its sales prices or supply of the goods with other domestic producers or any Chinese government's departments.**

4. Explain whether your business provides information or data to the Government of China, other government officials or commercial/industry organisations, including those outside of China, which report on the industry.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not provide price information or data to the Chinese government, or other government officials or commercial/industry organisations, including that outside of China, which report on the industry.**

5. Explain whether your business provides price data to any other person at the provincial, regional or special economic zone level of government.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not provide price data to any other person at the provincial, regional or special economic zone level of government.**

6. Explain whether your business has encountered any price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not encounter any price guidance or controls established by regional, provincial or special economic zone officials or organisations.**

7. Explain whether your business has encountered any other restrictions, limitations, or other considerations imposed on your business.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not imposed by any other restrictions, limitations, or other considerations.**

8. Which organisation/business entity do you consider as the price leader of the goods?

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of the price leader of the goods.**

9. Does your business have a pricing committee in respect of the goods? If yes, provide the names and positions of all members of the committee.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not have the pricing committee.**

10. How often does the pricing committee meet to discuss selling prices of the goods? Provide the minutes or any other relevant documents of all meetings of the pricing committee during the period.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not have the pricing committee. The question is not applicable.**

11. Identify the person who authorises the sales terms, prices and other contract provisions for the sale of the goods by your business.

**ANSWER:**

**XINGCHENG MAGOTTEAUX's sales terms, price and other contract provisions are decided by the negotiation with customers and authorised by XINGCHENG MAGOTTEAUX's sales manager.**

12. If you have production facilities of the goods in more than one region and/or province, are the laws and regulations in each region the same with respect to pricing of the goods? If no, provide details on the differences.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not have any production facilities of the goods in any other region. Thus, the question is not applicable.**

## H-9 Industry associations

1. Is your business a member of any business or industry associations? If yes, explain your business' relationship with the association and the involvement of the Government of China with the associations.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not a member of any business or industry associations.**

2. If your business is a member of an industry association, indicate whether this membership is voluntary or compulsory. Explain the functions that the association provides for your business. Explain in detail the role of the association with respect to the directives as provided by the Government of China concerning the industry.

**ANSWER:**

**XINGCHENG MAGOTTEAUX is not a member of any business or industry associations. The question is not applicable.**

## H-10 Statistics submission/recording

1. Indicate if your business makes submissions to the Chinese Bureau of Statistics and/or any other government organisation. If yes, explain the purpose of these submissions and the type of information submitted.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not make submissions to the Chinese Bureau of Statistics or any other government's organisations.**

2. Provide a recent example of a submission that has been made to the Bureau of Statistics and/or any other government organisation. For example, monthly data relating to sales, production and costs.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not make submissions to the Chinese Bureau of Statistics or any other government's organisation. The question is not applicable.**

3. Do the organisations approve or assess your submission? If yes, provide a detailed explanation.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not make submissions to the Chinese Bureau of Statistics or any other government's organisation. The question is not applicable.**

4. Do the organisations provide feedback on your submission? If yes, provide a detailed explanation.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not make submissions to the Chinese Bureau of Statistics or any other government's organisation. The question is not applicable.**

## H-11 Production/output

1. Is any part of your production subject to any national/regional industrial policy or guidance? If yes, provide details including a background of the policy/guidance and explain any restriction imposed by the policy/guidance. To what extent are any of the policies/guidelines applicable to your business?

**ANSWER:**

**XINGCHENG MAGOTTEAUX's production of the goods is not subject to any national or regional industrial policies or guidance.**

2. Where applicable, how did your business respond to the policies/guidelines?

**ANSWER:**

**XINGCHENG MAGOTTEAUX's production of the goods is not subject to any national or regional industrial policies or guidance. Thus, the question is not applicable.**

3. Provide details regarding any other restrictions (e.g. geographic/regional, downstream, end use, etc.) to the sale of the goods and/or like goods that has been placed upon, or may be imposed, by the Government of China on your business.

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any other restrictions on the sale of grinding balls imposed by the Chinese government.**

4. Provide a list of all your domestic customers of the like goods, include the location (city and province) of the customer and indicate whether each customer is an SIE.

**ANSWER:**

Name of Company	Address of Company	SIE or not
[REDACTED]	[REDACTED]	No
[REDACTED]	[REDACTED]	Yes
[REDACTED]	[REDACTED]	No

5. Are there any restrictions and/or conditions in relation to the quality or quantity of the production of the goods placed upon your business? If yes, provide details.

**ANSWER:**

**There are no restrictions or conditions placed upon XINGCHENG MAGOTTEAUX in relation to the quality or quantity of the production of the goods.**

6. Does your business require an export licence? If yes, provide details.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not need to require the export license.**

7. Are the goods sold by your business subject to any export restrictions and/or limits during the previous 5 year? If yes, provide details.

**ANSWER:**

**The goods sold by XINGCHENG MAGOTTEAUX were not subject to any export restrictions or limits during the previous five years.**

8. Have there been any changes to your production capacity over the last 5 years? If yes, provide details.

**ANSWER:**

**The production capacity over the last 5 years for XINGCHENG MAGOTTEAUX was not changed.**

9. Does your business benefit from any concession on the purchase of any utility services (e.g. electricity, gas, etc.)? If yes explain the nature and the amount of the concession?

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not benefit from any concession on the purchase of any utility services.**

## **H-12 Adding capacity and/or joint ventures**

1. Provide a detailed explanation with respect to the government approval process on adding capacity and/or joint ventures in relation to your business.

**ANSWER:**

**In terms of adding capacity, the production capacity over the last 5 years for XINGCHENG MAGOTTEAUX was not changed. Thus, the question is not applicable.**

**In terms of the establishment of the joint venture, there is no additional government approval process on joint ventures, except the registration process according to *Regulation of the People's Republic of China on the Administration of the Registration of Enterprise Legal Persons (2019 Revision)*.**

2. Does the government have the right to request modifications in the terms of adding capacity and/or joint ventures? If yes, provide a detailed explanation.

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not encounter such request during the period. Thus, XINGCHENG MAGOTTEAUX has no awareness of such information.**

## **H-13 Raw materials**

1. Are any of the suppliers related or affiliated with you? If yes, provide details.

**ANSWER:**

**During the period, there are five suppliers for XINGCHENG MAGOTTEAUX, i.e., [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED]. All the suppliers above-mentioned are related companies to XINGCHENG MAGOTTEAUX and please kindly find the detailed information in the Exhibit G-7.4.**

2. Do you purchase from State Invested Enterprises? If yes, provide a details.

**ANSWER:**

**All suppliers above-mentioned are stated-invested enterprises. Please find the detailed information in Exhibit G-7.4.**

3. If your supplier is based outside China, what import duty rate is applied on the raw materials?

**ANSWER:**

**None of the suppliers mentioned in the previous question is based outside China.**

4. Is there a price difference in purchase price for raw materials between your suppliers? If yes, provide a detailed explanation.

**ANSWER:**

**There is a little difference in purchase price for raw materials between the suppliers, because XINGCHENG MAGOTTEAUX carries out separate negotiations with different suppliers. The price difference will be wider, or narrower, depending on the specific situations in any individual negotiation. Please find the sample of purchase contract for raw material between XINGCHENG MAGOTTEAUX and its supplier in Attachment G-7.5.a.**

5. Describe in detail your business' purchase procedures of the raw materials, the considerations in selecting a supplier and how the price of the raw materials is determined between you and your suppliers. If it is by tenders, provide details of the criterions/conditions.

**ANSWER:**

**The purchase procedures of the raw materials for XINGCHENG MAGOTTEAUX are in line with the following procedure: firstly, XINGCHENG MAGOTTEAUX provides its requirements to potential suppliers and seeks quotations; secondly, according to a comprehensive evaluation of price, quality and other factors, XINGCHENG MAGOTTEAUX carries out the negotiations with the suppliers in order to make the choice.**

**The purchase procedures of the raw materials do not take place by the way of tendering.**

6. Explain whether your business has been subjected to any direct or indirect price guidance or controls by the Government of China during the period, with respect to raw material inputs.

**ANSWER:**

**XINGCHENG MAGOTTEAUX was not subjected to any direct or indirect price guidance or controls by the Chinese government during the period.**

7. If any of your raw materials for the goods and/or like goods are imported by your business, or related businesses:

- a. Provide details including a description of the raw material imported, the supplier and country of origin.
- b. Explain the process required to import the raw materials (e.g. obtaining an import licence, import declarations).
- c. Provide details of any conditions to importing the raw materials (e.g. customs and/or quarantine).
- d. Are you eligible for a duty drawback? If yes, provide details.

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not import the raw materials. Thus, the question is not applicable.**

8. Do you, or a business associated with you, sell any of the raw materials used to manufacture the goods and/or like goods, or sell the semi-processed goods?

- a. Please provide a description of the raw material or semi-processed goods which are sold, including whether they are domestic or export transactions, to related or unrelated parties, and how the selling price is determined.

**ANSWER:**

**XINGCHENG MAGOTTEAUX did not sell the raw material or semi-processed goods.**

**The providers for raw materials mentioned in the reply of question G-1.2 sell steel grinding bars. The specification scope of the raw materials is between [REDACTED] mm to [REDACTED] mm. The steel grinding bars are generally sold in the Chinese market, except that [REDACTED] exports the steel grinding bars to other countries, which is one of its related companies. The price of the steel grinding bars is determined by the production cost and the market principles.**



- b. If there is a difference in selling prices between related and unrelated parties, please provide reasons as to why.

**ANSWER:**

**The selling prices are determined based on the production cost and the market principles. There is no substantial difference.**

## SECTION I COUNTERVAILING

The following programs are being investigated during this enquiry.

Program Number	Program Name	Program Type
3	Preferential Tax Policies in the Western Regions	Income Tax
4	Land Use Tax deduction	Income Tax
5	Preferential Tax Policies for High and New Technology Enterprises	Income Tax
6	Tariff and VAT Exemptions on Imported Materials and Equipment	Tariff & VAT
7	One-Time Awards to Enterprises Whose Products Qualify for “Well-Known TradeMarks of China” and “Famous Brands of China”	Grant
8	Matching Funds for International Market Development for Small and Medium Enterprises	Grant
9	Superstar Enterprise Grant	Grant
10	Research & Development (“R&D”) Grant	Grant
11	Innovative Experimental Enterprise Grant	Grant
12	Special Support Fund for Non-State Owned Enterprises	Grant
13	Venture Investment Fund of Hi-Tech Industry	Grant
14	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant
15	Grant for key enterprises in equipment manufacturing industry of Zhongshan	Grant
16	Water Conservancy Fund Deduction	Grant
17	Anti-Dumping Respondent assistance	Grant
18	Technology Project assistance	Grant
20	Environmental Protection Grant	Grant
21	High and New Technology Grant	Grant
22	Independent Innovation and High-Tech Industrialisation Program	Grant
23	Environmental Prize	Grant
24	Provincial emerging industry and key industry development special fund	Grant
25	Environmental Protection Fund	Grant
26	Intellectual Property licensing	Grant
27	Financial resources construction special fund	Grant
28	Reducing pollution discharging and environmental improvement assessment award	Grant
29	Comprehensive utilisation of resources – VAT refund upon collection	Tariff & VAT
30	Grant of elimination of out dated capacity	Grant
31	Grant from Technology Bureau	Grant
34	Patent Award of Guangdong Province	Grant

**PUBLIC VERSION**

<b>Program Number</b>	<b>Program Name</b>	<b>Program Type</b>
35	Wuxing District Freight Assistance	Grant
36	Huzhou City Public Listing Grant	Grant
37	Huzhou City Quality Award	Grant
38	Huzhou Industry Enterprise Transformation & Upgrade Development Fund	Grant
39	Wuxing District Public List Grant	Grant
40	Transformation technique grant for rolling machine	Grant
41	Grant for Industrial enterprise energy management - centre construction demonstration project Year 2009	Grant
42	Key industry revitalization infrastructure spending in 2010	Grant
43	Jinzhou District Research and Development Assistance Program	Grant
47	Preferential loans and interest rates	Preferential Loans
48	International trade increase project fund	Grant
49	Industrial economy reform and development fund	Grant
50	Sales revenue increase award	Grant
51	Tax contribution award	Grant
52	Energy and recyclable economy program	Grant
53	National controlled essential pollutant source supervision system third party operation and maintenance subsidy program	Grant
54	Scientific program awards in high and new scientific zone	Grant
55	Jinan City Zhangqiu District Economic and Information Technology Bureau transferred clean production incentives	Grant
56	Shandong Provincial Intellectual Property Office the fourth batch of patent funding in Shandong Province in 2017	Grant
57	Zhangqiu Local Taxation Bureau transferred personal income tax withholding fee	Tax
58	The Jinan Science and Technology Information Research Institute the first batch of high-tech enterprises incentives	Grant
59	Jinan City Zhangqiu District Economic and Information Technology Bureau 2017 energy-saving advanced enterprise incentives	Grant
60	Shandong Provincial Intellectual Property Office the first batch of patent funding in Shandong Province in 2018	Grant
61	The Zhangqiu District Finance Bureau of Jinan City funds for the promotion of key products of leading enterprises in Jinan City in 2018.	Grant
62	Jinan City Zhangqiu District Science and Technology Bureau the third batch of Jinan outstanding innovation team subsidies	Grant
63	Jinan City Zhangqiu District Market Supervision Administration rewards	Grant
64	Jinan Intellectual Property Office patent grants	Grant
65	Jinan City Zhangqiu District Science and Technology Bureau project subsidies	Grant
66	Jinan City Zhangqiu District Economic and Information Bureau rewards	Grant

<b>Program Number</b>	<b>Program Name</b>	<b>Program Type</b>
67	Jinan City Zhangqiu District Human Resources and Social Security Bureau support funds	Grant
68	Jinan Intellectual Property Office patent subsidy	Grant
69	Shandong Mingshui Economic Development Zone Management Committee Infrastructure Construction Subsidy	Grant
70	Shanming Water Economic and Technological Development Zone Management Committee project investment support funds	Grant
71	Jinan City Zhangqiu District Science and Technology Bureau project subsidies	Grant
72	Jinzhuang Zhangqiu District Guanzhuang Sub-district Office corporate tax incentives	Tax
73	The Guanzhuang Sub-district Office of Zhangqiu District, Jinan City, the Party Construction Demonstration Support Fund	Grant
74	State Administration of Taxation Jinan City Zhangqiu District Taxation Bureau withholding income tax handling fee	Tax

### **I-1 General**

1. Complete the worksheet named “I-1 Company turnover”
  - This worksheet is a table of the total company revenue over the period and split into:
    - Total revenue for Australian sales, domestic sales and third country sales
    - Revenue of the goods for Australian sales, domestic sales and third country sales
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**ANSWER:**

**Please see Exhibit I-1 for the Company Turnover.**

### **I-2 Preferential tax policies (Programs 3-5, 57, 72 and 74)**

1. Complete the worksheet named “I-2 Income Tax”
  - This worksheet is a table of your company’s income tax liability over the last three financial years.
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**ANSWER:**

**Please see Exhibit I-2 for the Income Tax.**

2. Provide a copy of your company’s annual tax return for the last three financial years. If the documents are not in English, please provide a translation of the documents.

**ANSWER:**

**Please find the tax return of XINGCHENG MAGOTTEAUX for 2017, 2018 and 2019 in Attachment I-2.2.**

3. Provide proof of your company’s tax payments to your tax authority over the last three financial years, including any progress payments made and related forms submitted to reconcile the annual tax return.

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX did [REDACTED] [tax payable circumstances].**

4. What is the general tax rate for enterprises (also referred to as the company or corporate tax rate) during the previous two financial years?

**ANSWER:**

**The general tax rate for enterprise was 25% during the previous two financial years.**

5. Did your company pay less than the general tax rate for enterprises referred to in question I-3.4? If yes:
  - a. What tax rate did your company pay?

- b. Was the reduction in the tax paid or payable related to any of the preferential income tax programs in the table at the top of Section I Countervailing above?
- c. What is the name of the program?
- d. What is the name of the authority granting your company the reduced tax rate?
- e. What is the eligibility criteria to benefit from the reduced tax rate?
- f. Provide details of the application process
- g. Provide a copy of the blank application form. If the documents are not in English, please provide a translation of the documents.
- h. Provide a copy of your company's completed application form, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.
- i. Provide a copy of any confirmation or other correspondence from the authority approving your company for the reduction in tax rate. If the documents are not in English, please provide a translation of the documents.
- j. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**ANSWER:**

Not applicable. XINGCHENG MAGOTTEAUX did [REDACTED]  
[REDACTED] [tax payable circumstances]

**I-3 Financial grants (Programs 7-18, 20-28, 30-43, 48-56, 58-71, and 73).**

1. Complete the worksheet named "I-3 Grants"
  - This worksheet is a table of the grants received by company over the period plus the two preceding years.
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**ANSWER:**

Not applicable. XINGCHENG MAGOTTEAUX did not receive any grants during the period plus the two preceding years.

2. Provide a copy of your company's non-operating income and/or other business income ledgers, extracted directly from your accounting system, for the period covering the period plus the 2 preceding years.

**ANSWER:**

Please see Attachment I-3.2 for the ledger of non-operating income during the period plus the two preceding years.

3. Did your company receive any grants (or any other financial contribution) from any level of government during the period plus the two preceding years?  
If yes:
  - a. Were any of the grants related to any program listed in the table at the top of Section I above? If yes, identify the program.
  - b. Were any of the grants related to programs not listed in the table at the top of Section I above? If yes, provide the names of the programs.

**ANSWER:**

Not applicable. XINGCHENG MAGOTTEAUX did not receive any grants during the period plus the two preceding years.

4. For each of the grants listed in I-3.3:
  - a. What is the name of the grant?
  - b. What is the name of the authority providing the grant?
  - c. What is the eligibility criteria to receive the grant?
  - d. Is the grant directly related to the goods under consideration, export sales to Australia and/or export sales generally?
  - e. Provide details of the application process.
  - f. Provide a copy of the blank application form. If the documents are not in English, please provide a translation of the documents.
  - g. Provide a copy of your company's completed application form, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

- h. Provide a copy of any confirmation or other correspondence from the authority approving the grant. If the documents are not in English, please provide a translation of the documents.
- i. Provide proof of payment of your company receiving the grant (e.g. bank statements).
- j. Provide a copy of the accounting journal entries relating to the grant.
- k. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the grant.

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX did not receive any grants during the period plus the two preceding years.**

## **I-4 Tariff and VAT Exemptions (Programs 6 and 29)**

Complete the worksheet named "I-4 Tariff and VAT".

If your business or any company/entity related to your business received benefits under any such program during the period, please answer the following questions.

**ANSWER:**

**Not applicable. XINGCHENG MAGOTTEAUX did not benefit from any of the program alleged above.**

1. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments.
2. Describe the application and approval procedures for obtaining a benefit under the program.
3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.
4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
6. State whether your eligibility for the program was conditional on one or more of the following criteria:
  - a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;
  - c) the industry to which your business belongs; or
  - d) the region in which your business is located.
7. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
8. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
9. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
10. To your knowledge, does the program still operate or has it been terminated?
11. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?
12. If the program terminated has been substituted for by another program, identify the program.
13. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the period? If yes, provide the following information:

**PUBLIC VERSION**

- (a) type of inputs;
  - (b) cost of inputs;
  - (c) quantity of inputs; and
  - (d) amount of VAT refunded.
14. Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs at any time that were used in the production of the goods during the period? If yes, provide the following information:
- (a) description of imported product;
  - (b) country of origin;
  - (c) quantity of imported product;
  - (d) purchase price;
  - (e) terms of purchase (e.g. FOB, CIF);
  - (f) ocean freight;
  - (g) value for duty of imported product;
  - (h) regular rate of taxes and duties;
  - (i) concessionary rate of taxes and duties;
  - (j) amount of duties and taxes normally applicable;
  - (k) amount of duties and taxes paid;
  - (l) amount of duties and taxes exempt;
  - (m) date of importation;
  - (n) tariff classification number;
  - (o) customs entry number; and
  - (p) application fee.
15. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).
16. Explain how the GOC determined the percentage rate of duty exemption.
- Please note that goods consumed in the production of exported goods (inputs) include:
- (a) goods incorporated into the exported goods; and
  - (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.
17. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.
18. In addition to the import entry documents, also provide copies, if applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.
19. Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

## **I-5 Preferential Loans and Interest Rates (Program 47)**

Complete the worksheet named "I-5 Loans".

**ANSWER:**

**Please see the Exhibit I-5 attached.**

If your business or any company/entity related to your business received benefits under any such program during the period, please answer the following questions.

1. Provide a general overview of how your company secures necessary financial resources on the financial market (e.g. Loans, issuance of bonds etc.)

**ANSWER:**

**XINGCHENG MAGOTTEAUX obtained loans from commercial bank on the basis of prevailing market conditions. The general procedure for loans is as follows:**

- **Inquiring the Bank about loans**
- **Filling applications**
- **Preparing documents as required**
- **Negotiating about contract**
- **Approval process**
- **Processing the loans**

2. Provide a list of all the loans provided to your company from banks and financial institutions which have not been fully reimbursed by the end of the period.

**ANSWER:**

**XXXXX loans offered by XXXXXXXX have not been fully reimbursed by the end of the period.**

3. Provide specific details of the loan, including the start date of the loan, the principal amount of the loan, terms and conditions of the loan, purpose of the loan, the repayment terms/frequency, repayment amount, interest rate, interest type (e.g. fixed, variable etc.), if the loan has been redrawn any time during its duration, please provide the redraw date, amount redrawn and the reason for redraw.

**ANSWER:**

**Please see Attachment I-5.7 for the details.**

4. Indicate whether each bank is Chinese or foreign-owned and give the percentage of government ownership of each bank (including ownership by entities owned or controlled by a government).

**ANSWER:**

**XXXXX is a Chinese public listed company and it is not state-owned.**

5. In the case of each loan from government-owned or controlled, please explain the reason for borrowing from such a bank rather than a commercial bank. What are the differences in the terms and conditions of loans between the government and commercial banks?

**ANSWER:**

**XXXXXXXXXXXXX is not government-owned or controlled entity. Thus, this question is not applicable.**

6. Explain how the decisions to grant the loan or its conditions are dependent on the purpose of the loan and give details on the process your company went through to apply for the loan. Please provide detail on what conditions or criteria your company needed to fulfil to be granted the loan.

**ANSWER:**

**The loan process is illustrated below.**

- **Credit review process. XINGCHENG MAGOTTEAUX needs to provide documents (including audit reports, Articles of Association, etc.) to prove that it is able to repay.**
- **Loan approval process. XINGCHENG MAGOTTEAUX needs to provide documents (purchase agreement or sales agreement, etc.) in order to negotiate with lending bank for the amount of loan. Generally, the amount of loan cannot exceed the amount payable in the purchase agreement (or the amount receivable in the sales agreement). A loan agreement will be concluded after negotiation.**
- **Loan processing. Normally, the loan can only be used for the agreed purpose (i.e., purchase inputs) and it cannot be left in the XINGCHENG MAGOTTEAUX's bank account. A receipt of loan will be issued after the loan has been transferred to XINGCHENG MAGOTTEAUX's bank account.**

7. For each of the loans listed, provide copies of signed loan agreements between the bank which provided the loan and company which was the addressee of the loan specifying the conditions of the loan such as amount, term of repayment, interest rate etc. Also provide a copy of your application for the loan.

**ANSWER:**

**Please find the loan agreements in Attachment I-5.7 for the XXXXX loans above-mentioned.**

*Note: If your company has more than one loan from the same bank/financial institution which were not repaid by the end of the period and the loan agreements for these loans are standardised, it is sufficient **at this stage** to provide an English translation for one of them only (e.g. If your company has multiple loans from one particular bank which only differ in amounts you only need to translate one of them into English for your questionnaire*



response. However it is necessary to translate all credit line agreements from which loans not repaid by the end of the period were drawn.

8. Please explain whether the granting of the specific loan depended on the link between the purpose of the loan and the goals specified in any government plan or development program. Provide a copy of the laws, regulations, administrative guidelines and any other acts relevant for the operation of this lending with any subsequent amendments. Also include a copy of any governmental or development plan of which the scheme represents a direct implementation.

**ANSWER:**

**Not applicable. According to XINGCHENG MAGOTTEAUX's understanding, the granting of loans was solely based on business considerations rather than any government plan or development program.**

9. For each loan application, please explain the involvement of third parties such as government departments, local councils, party committees in the whole process since the application for the loan up to the decision whether the loan is granted or not.

**ANSWER:**

**Not applicable. Third parties such as government departments, local councils, party committees were not involved in the loans.**

10. In the "Loans" spreadsheet, provide the information requested on guarantees for the loans provided to your company.

**ANSWER:**

**Please find the information required in Attachment I-5.7.**

11. Please give details of all loan applications during the period which were refused; give the name of the bank, the amount of the loan requested and the reasons for refusal.

**ANSWER:**

**XINGCHENG MAGOTTEAUX only obtained loans from [REDACTED]. There was no application refused during the period.**

12. Provide any other information you may deem necessary for the Commission to make an assessment on the subsidisation of producers/exporters of the product under investigation. You may adjust the table in the "Loans" tab as necessary to include this additional information.

**ANSWER:**

**There is no other information.**

## **I-9 Other Programs**

1. Provide a list of all the provinces in which you have business operations (including locations of factories, sales offices, or other places of business).

**ANSWER:**

**XINGCHENG MAGOTTEAUX only operates in Jiangsu province.**

2. Are you aware of any programs of the Government of China, any of its agencies or any other authorised body that benefits manufacturers of the goods that have not been accounted for in this questionnaire? Provide the name of those programs you are aware of (even if your company is not eligible to receive benefit under the program.)

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any other programs. XINGCHENG MAGOTTEAUX did not receive any benefits under any other programs during the period.**

3. Indicate the location of the program by region, province or municipal level.

**ANSWER:**

**The question is not applicable.**

4. Indicate the type of program, for example:

- the provision of grants, awards or prizes;
- the provision of goods or services at a reduced price (e.g. electricity, gas, transport);
- the reduction of tax payable including income tax and VAT;
- reduction in land use fees;

**PUBLIC VERSION**

- loans from Policy Banks at below-market rates; or
- any other form of assistance.

**ANSWER:**

**The question is not applicable.**

For **each program** that you have identified, answer the following.

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

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-5 in relation to this programme.

## SECTION J

### CHINESE MARKET FOR GRINDING BALLS

#### J-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;
  - (b) Provide the sources of demand for the goods in China, including the categories of customers, users or consumers of the product;
  - (c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);
  - (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;
  - (e) Describe any market segmentations in China; such as geographic or product segmentations;
  - (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);
  - (g) Describe the way in which Chinese and imported goods compete in the Chinese market;
  - (h) Describe the ways that the goods are marketed and distributed in the Chinese market; and
  - (i) Describe any 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:**

**The cast grinding balls and the forged grinding balls are two main types of the goods in the Chinese market, which are generally used for mining. The Chinese market for the grinding balls is in the full competition. XINGCHENG MAGOTTEAUX is an ordinary participant in the Chinese market and has no awareness of detailed information for the industry and the other companies.**

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:**

**The cast grinding balls and the forged grinding balls are two main types of the goods in the Chinese market, which are generally used for mining. There are three kinds of participants in the Chinese market, i.e., manufacturer, distributor, and end user. The goods are sold in two channels, which could be found in the following diagrams:**

**Channel one:**



**Channel two:**



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;
  - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
  - a description of the degree of integration (either vertical or horizontal) for each market participant; and
  - an estimation of the market share of each participant.

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of the specific situation of the significant market participants in Chinese market.**

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:**

**XINGCHENG MAGOTTEAUX has no awareness of any detailed information for any commercially significant importers in the Chinese market for the goods during the period.**

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:**

**XINGCHENG MAGOTTEAUX has no awareness of any product standards and the range of the goods published by the Chinese government.**

**In terms of competition policy, the main laws are *Anti-Unfair Competition Law of the People's Republic of China (2019 Amendment)*, *Anti-Monopoly Law of the People's Republic of China*, and *Foreign Trade Law of the People's Republic of China (2016 Revision)*.**

**In terms of taxation, the main laws are *Enterprise Income Tax Law of the People's Republic of China (2018 Amendment)*, *Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (2019 Revision)*, *Regulations of the People's Republic of China on Import and Export Duties (2017 Revision)* and *Interim Regulation of the People's Republic of China on Value Added Tax (2017 Revision)*.**

**Please find the relevant documents in Attachment J-1.5.**

**Please kindly note that the value-added tax rebate applicable to exports of the goods was changed from 5% to 13% in September 5, 2018 by State Taxation Administration. Please find the relevant documents in Attachment H-7.3.**

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:**

**XINGCHENG MAGOTTEAUX has no awareness of any entry restrictions for new participants into the Chinese market for the goods under consideration.**

## **J-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:**

**The specification scope of the goods sold in the Chinese market is between 25mm to 140mm, and those sold by XINGCHENG MAGOTTEAUX are between 38.1mm to 127mm. The differences in terms of quality, price, availability, and technical support between the goods in the Chinese market are mainly caused by factors such as specification, hardness, and chemical composition. XINGCHENG MAGOTTEAUX has no awareness of the prevalence of labels and the product segmentation of the other companies.**

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

**ANSWER:**

**The goods under consideration are generally used for mining in the Chinese market.**

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:**

**The price, quality, and delivery period are the major factors that influence purchasing decisions or purchaser preferences in the Chinese market.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any commercially significant market substitutes in the Chinese market.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX has no awareness of any commercially significant market complements in the Chinese market.**

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:**

**XINGCHENG MAGOTTEAUX has no awareness of any changes in market or consumer preferences in the Chinese market for the goods in the last five years.**

### **J-3 Relationship between price and cost**

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

**XINGCHENG MAGOTTEAUX's domestic sales revenue was approximately accounted for █% of total sales revenue during the period. Please find the evidence supporting calculations in Attachment J-3.1(a). XINGCHENG MAGOTTEAUX's domestic sales profit was approximately accounted for █% of total sales profit during the period. Please find the evidence supporting calculations in Attachment J-3.1(b).**

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:**

**XINGCHENG MAGOTTEAUX is not the price leader for the goods in the Chinese market. XINGCHENG MAGOTTEAUX is only an ordinary participant in the Chinese market, which follows the market principle and determines the domestic market sales price based on production costs of the goods. XINGCHENG MAGOTTEAUX has no awareness of the price leaders in the 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:**

**XINGCHENG MAGOTTEAUX is subject to the cost-plus pricing, and the price of the goods is consistent with the market principle.**

**XINGCHENG MAGOTTEAUX does not have any relevant documents.**

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:**

**XINGCHENG MAGOTTEAUX determines the sales price based the cost-plus pricing. Thus, the company firstly sets up a benchmark for the price, which is consistent with the cost accounting and the market principle. Following to the benchmark, the company conducts negotiations with different customers, and the final sales price would be determined case by case.**

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:**

**XINGCHENG MAGOTTEAUX calculates the production costs once a month. Thus, based on the cost-pricing, the price in the Chinese market would be monthly reviewed.**

**[REDACTED] is responsible for the cost accounting, who is the finance manager of XINGCHENG MAGOTTEAUX.**

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:**

**The cost to make and sell the goods is the first important factor which influences XINGCHENG MAGOTTEAUX to determine the sales price, the second one is the purchase price of raw materials, and the third one is the competitor's prices. Please kindly note the rest factors play little roles in the determination of price for XINGCHENG MAGOTTEAUX in the Chinese market.**

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:**

**As mentioned in the previous question, the price decided by XINGCHENG MAGOTTEAUX is based on the cost-plus pricing, and the cost to make and sell the goods is the most important factor for XINGCHENG MAGOTTEAUX to determine the sales price.**

**The profit margin maintained by the Company is affected by the costs and market situation. There is no desire profit margin.**

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:**

**XINGCHENG MAGOTTEAUX does not offer price reductions in Chinese market. The question is not applicable.**

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:**

**XINGCHENG MAGOTTEAUX does not offer bundled pricing in Chinese market. The question is not applicable.**

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:**

**The volume of sales to a customer or the size of an order do not affect XINGCHENG MAGOTTEAUX's sales price in Chinese market.**

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:**

**XINGCHENG MAGOTTEAUX uses sales contracts with all its customers. The question is not applicable.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not offer exclusivity contracts. The question is not applicable.**

(c) How frequently are sales contracts renegotiated?

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not renegotiate its signed sales contracts. The question is not applicable.**

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

**ANSWER:**

**XINGCHENG MAGOTTEAUX does not review the price between sales contracts.**

(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:**

**Before the signature of the sales contract, XINGCHENG MAGOTTEAUX negotiates the final prices with its customers. After the signature, the prices would not be changed generally. Thus, XINGCHENG MAGOTTEAUX does not provide opportunities for price reviews for customers within contracts.**

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

**ANSWER:**

**After the signature of the sales contracts, the prices would not be changed generally. Thus, the changes in the costs to make and sell do not affect the prices for the signed contracts generally.**

(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 find the list of customers for XINGCHENG MAGOTTEAUX during the period in the following table and the copies of the two largest contracts in Attachment D-3.**

Name of company		Address of company	

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:**

**XINGCHENG MAGOTTEAUX does not use any price list for the goods in Chinese market. In line with the benchmark and the market principle, XINGCHENG MAGOTTEAUX negotiates with its customers in order to guarantee the transparency.**

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:**

**The prices for different models of the goods are mainly decided by respective costs accounting. According to different production costs, XINGCHENG MAGOTTEAUX estimates respective benchmark for each model. Please find the detailed information in terms of costs to mark or sell between different models of the goods in the reply to question G-3.**

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:**

**XINGCHENG MAGOTTEAUX does not tier or segment its Chinese customers for the goods in terms of pricing. Thus, the question is not applicable.**

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:**

**XINGCHENG MAGOTTEAUX sold the goods to related customers in Chinese market during the period. The sales revenue to related companies was approximately accounted for [REDACTED]% of total domestic sales revenue during the period. In spite of the existence of the related relationship, the sales prices of the goods sold to Chinese related customers are subject to the cost-plus pricing and the market principle. XINGCHENG MAGOTTEAUX does not discriminate between related and unrelated customers. Thus, the company does not have any internal documents relevant to establishing pricing to related companies.**

#### **J-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:**

**The goods of XINGCHENG MAGOTTEAUX have the advantages of high quality, reliability, and availability, which are the selling points of the company in the Chinese market.**

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:**

**XINGCHENG MAGOTTEAUX does not conduct brand segmentation in the Chinese market for the goods. The question is not applicable.**

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:**

**XINGCHENG MAGOTTEAUX did not advertise in Chinese market over the past five years. The promotion for the goods is mainly based on the influence of the Company's brand.**

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:**



**There were 4 people in XINGCHENG MAGOTTEAUX's Chinese market sales team during the period, and all of them worked at the Company's address (namely No. 58, Xiyanshan Road, Jiangyin City, PRC.). According to article 11.1 of the Article of Association, the remuneration of sales manager is determined by the general manager in line with modern management standards, practices, policies, and applicable laws.**

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:**

**When negotiating with its customers, in order to establish the sales price and facilitate the transaction, XINGCHENG MAGOTTEAUX's representatives emphatically introduce the reliability and availability of the goods, and provide relevant experimental data. XINGCHENG MAGOTTEAUX does not have any relevant internal documents.**

## SECTION K PRODUCTION AND PRODUCTION COSTS

### K-1 Production of the goods

5. 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:**

**XINGCHENG MAGOTTEAUX produces only grinding balls. The production volumes are determined by the order. XINGCHENG MAGOTTEAUX does not have any relevant internal documents.**

6. 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:**

**Depending on different purchase orders, the lead times vary from [redacted] days to [redacted] days. Please find the sample sales document in Attachment D-3.1.1.**

7. 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?

**ANSWER:**

**The warehousing capacity is around [redacted] tons.**

(b) What was the monthly amount of inventory maintained during the investigation period?

**ANSWER:**

**The monthly amount of inventory maintained during the period is as below:**

Month	Ending Inventory (Ton)
Oct-19	[redacted]
Nov-19	[redacted]
Dec-19	[redacted]
Jan-20	[redacted]
Feb-20	[redacted]
Mar-20	[redacted]
Apr-20	[redacted]
May-20	[redacted]
Jun-20	[redacted]
Jul-20	[redacted]
Aug-20	[redacted]
Sep-20	[redacted]

(c) What is the average period of time that inventory is retained (describe how this is calculated)?

**ANSWER:**

**The average period of time that inventory is retained is [redacted] days, which is calculated as below.**

Monthly average Inventory in ton during the period	[redacted]
Total sales quantities in ton during the period	[redacted]
	[redacted]
Turnover ratio	[redacted]
	[redacted]
Turnover days	[redacted]

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

8. 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 have been no changes in terms of the capital or technology utilised by XINGCHENG MAGOTTEAUX in the manufacturing of the goods in the last five years.**

9. 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:**

**XINGCHENG MAGOTTEAUX does not have plant that is able to produce inputs. Thus, this question is not applicable.**

10. 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:**

**XINGCHENG MAGOTTEAUX did not increase significant investments in the past five years to upgrade, refurbish, or build any of the plants used in the production of the goods.**

11. 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:**

**This is no management reports prepared on production costs.**

## SECTION L

### AUSTRALIAN MARKET FOR GRINDING BALLS

Please kindly note that XINGCHENG MAGOTTEAUX did not export the goods under consideration to Australia during the period. Thus, this section is not applicable.

#### L-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;
  - (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;
  - (c) Provide an estimated proportion (%) 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;
  - (e) Describe any market segmentations in Australia; such as geographic or product segmentations;
  - (f) Provide an estimated proportion 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;
  - (h) Describe the ways that the goods are marketed and distributed in the Australian market; and
  - (i) Describe any 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.
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;
  - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
  - a description of the degree of integration (either vertical or horizontal) for each market participant; and
  - an estimation of the market share of each participant.
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.
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.
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).

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

## L-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.
2. Describe the end uses of the goods in the Australian market from all sources.
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.
4. Identify if there are 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.
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.

## L-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.*

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.
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.
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.
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.
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

## PUBLIC VERSION

- 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]
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.
  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.
  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.
  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.
  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?
    - (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?
    - (c) How frequently are sales contracts renegotiated?
    - (d) How frequently are price reviews conducted between contracts?
    - (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.
    - (f) Do changes in your costs to make and sell enable you 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.
  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.
  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.
  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.*

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.

#### **L-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.).
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.
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.
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.
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.