



## Selected Exporter Questionnaire

**Case number:** 609

**Selected exporters:**

The selected exporters for this review are:

- Goomax Metal Co., Ltd Fujian;
- Guangdong Jinxi Cheng AI Manufacturing Co., Ltd;
- Qingyuan City Huanan Copper & Aluminum Co., Ltd; and
- Foshan Lvqiang Metal Product Co., Ltd.
- Tai Shan City Kam Kiu Aluminium Extrusion Co Ltd

Exporters other than the selected exporters should refer to Anti-Dumping Notice (ADN) 2022/081 and electronic public record 609 on the Anti-Dumping Commission's website for further instructions on how to participate in this review.

**Product:** Aluminium extrusions

**From:** People's Republic of China

**Review period:** 1 July 2021 to 30 June 2022 (the period)

**Response due by:** 7 November 2022, **extended to 21 November 2022**

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

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

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## INSTRUCTIONS

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

The Anti-Dumping Commission (the Commission) is conducting a review into the anti-dumping measures applicable to aluminium extrusions exported to Australia from the People's Republic of China (China).

The Commissioner of the Anti-Dumping Commission has proposed to make findings with respect to this review, on the basis of the information obtained from an examination of a selected number of exporters. Refer to Appendix A of ADN 2022/081 for further details (available on the commission's website).

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

Any information provided may be used by the Commission for any purpose consistent with its statutory functions.

### If you do not manufacture the goods

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

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

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

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

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

### Extension requests

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

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

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

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

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

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

### Submitting a response to the exporter questionnaire

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

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

### Confidential and non-confidential responses

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

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your questionnaire will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information without breaching confidentiality.

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

All questionnaires are required to have a bracketed explanation of deleted or blacked out information for the public record version of the questionnaire. An example of a statement to accompany deleted/blacked out text is:

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

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

### Verification of the information that you supply

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

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

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The verification may include Commission staff visiting your company to conduct on onsite verification<sup>1</sup>. Any verification typically commences approximately 2 to 4 weeks after the due date of the response to the exporter questionnaire. To assist with the planning of a verification, please contact the Commission as soon as possible for a potential verification date to be scheduled.

A verification will include a detailed examination of your company's records and we will collect copies of relevant documents. The verification will require the participation of key staff, including your financial accountant, production manager and sales staff.

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

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

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

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

For information on the Commission's verification procedures, refer to ADN 2016/30 available on the Commission's website.

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

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

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<sup>1</sup> The Commission has temporarily suspended onsite verification due to the COVID-19 pandemic (refer to Anti-Dumping Notice No. 2020/29). However, your response to the exporter questionnaire may still be subject to onsite verification should the suspension of onsite verifications be lifted.

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- Where possible, electronic data should be shared with the Commission via email. Where files are too large for email they should be shared with the Commission via SIGBOX, a secure online document repository. Please contact the Commission to request access to SIGBOX if required.

## CHECKLIST

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

<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 and production costs	✓
Exporter's declaration	✓
Non-confidential version of this response	✓

<b>Attachments</b>	Please tick if you have provided spreadsheet
B-2 Australian sales	✓
B-4 Upwards sales	✓
B-5 Upwards selling expenses	✓
D-2 Domestic sales	✓
F-2 Third country sales	✓
G-3 Domestic CTM	✓
G-4.1 SG&A listing	✓
G-4.2 Dom SG&A calculation	✓
G-5 Australian CTM	✓
G-7.2 Raw material CTM	✓
G-7.4 Raw material purchases	✓
G-8 Upwards costs	✓
I-1 Company Turnover	✓



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I-2 Raw Material Purchases	✓
I-3 Income Tax	✓
I-4 Grants	✓

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

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

*Aluminium extrusions produced via an extrusion process, of alloys having metallic elements falling within the alloy designations published by The Aluminium Association commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being as extruded (mill), mechanical, anodized or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm, with a maximum weight per metre of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm.*

The goods include aluminium extrusion products that have been further processed or fabricated to a limited extent, after aluminium has been extruded through a die. Aluminium extrusion products that have been painted, anodised, or otherwise coated, or worked (e.g. precision cut, machined, punched or drilled) fall within the scope of the goods.

The goods do not extend to intermediate or finished products that are processed or fabricated to such an extent that they no longer possess the nature and physical characteristics of an aluminium extrusion, but have become a different product.

Consistent with previous investigations, the review will also rely upon the information shown in the table below in its assessment of the goods under consideration and like goods.

< GUC >				< Non GUC >		
1	2	3	4	5	6	7
Aluminium extrusions	Aluminium extrusions with minor working	Aluminium extrusions that are parts intended for use in intermediate or finished products	Aluminium extrusions that are themselves finished products	Unassembled products containing aluminium extrusions, e.g. 'kits' that at time of import comprise all necessary parts to assemble finished goods	Intermediate or partly assembled products containing aluminium extrusions	Fully assembled finished products containing aluminium extrusions
< Examples >						
Mill finish, painted, powder coated, anodised, or otherwise coated aluminium extrusions	Precision cut, machined, punched or drilled aluminium extrusions	Aluminium extrusions designed for use in a door or window	Carpet liner, fence posts, heat sinks	Shower frame kits, window kits, unassembled unitised curtain walls	Unglazed window or door frames	Windows, doors

The goods subject to the anti-dumping measures may be classified to the following subheadings in Schedule 3 of the *Customs Tariff Act 1995*:

7604.10.00/06	non alloyed aluminium bars, rods and profiles
7604.21.00/07	aluminium alloy hollow angles and other shapes
7604.21.00/08	aluminium alloy hollow profiles
7604.29.00/09	aluminium alloy non hollow angles and other shapes
7604.29.00/10	aluminium alloy non hollow profiles
7608.10.00/09	non alloyed aluminium tubes and pipes
7608.20.00/10	aluminium alloy tubes and pipes
7610.10.00/12	doors, windows and their frames and thresholds for doors
7610.90.00/13	Other

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**Model control code**

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

Category	Sub-category		Sales data	Cost data
Finish	<b>A</b>	Anodise	Mandatory	Mandatory
	<b>BD</b>	Bright dip		
	<b>M</b>	Mill		
	<b>PC</b>	Powder coating		
Alloy code	<b>6A</b>	6060, 6063	Mandatory	Optional
	<b>6B</b>	6106		
	<b>6C</b>	6101, 1350, 6082, 6351, 6061		
	<b>6D</b>	6005A		
	<b>O</b>	Other*		
Temper code	<b>T1</b>	T1, T4, T5, T6	Optional	Optional
	<b>T50</b>	T591, T595, T52		
	<b>O</b>	Other*		
Anodising microns	<b>0</b>	Not anodised	Optional	Optional
	<b>1</b>	<20µm		
	<b>2</b>	>20µm		

\* Specify alloy code and temper code

In constructing a MCC, use a "-" between each category. For example, a powder coated aluminium extrusion with alloy code 6060 and temper code T5 will have an MCC of **PC-6A-T1-0**.

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

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

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

1. Please nominate a contact person within your company:

Name: **Liquan LEI**  
Position in the company: **Vice Chairman**  
Telephone: **+86 750 543 2229**  
E-mail address: [lilei@kamkiu.com](mailto:lilei@kamkiu.com)

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

Name: **Zhong Lun Law Firm**  
Address: **22-31/F, South Tower of CP Center, 20 Jin He East Avenue, Chaoyang District, Beijing100020, P.R China**  
Telephone: **+86 10 5957 2028**  
E-mail address: [liujianwei@zhonglun.com](mailto:liujianwei@zhonglun.com)

*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 in the same location as legal domicile, i.e., Shiqiao Industrial Zone, Dajiang County, Taishan City, Guangdong Province, PRC.**

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

**ANSWER:**

**The company's production records are held in the same location as legal domicile, i.e., Shiqiao Industrial Zone, Dajiang County, Taishan City, Guangdong Province, PRC.**

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

**ANSWER:**

**The location of the company's production plant manufacturing the goods under consideration is the same location as legal domicile, i.e., Shiqiao Industrial Zone, Dajiang County, Taishan City, Guangdong Province, PRC.**

### A-2 Company information

1. What is the legal name of your business?

**ANSWER:**

**The legal name of the company is Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd. (hereinafter referred to as "KAE").**

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

**ANSWER:**

**No. KAE does not trade under a different name and/or brand.**

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

**ANSWER:**

**No. KAE was not known by a different legal or trading name.**

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

**ANSWER:**

**During the last two years, the members of Board of Directors have been [Commercially Sensitive Information: name of members of Board of Directors]. There are no changes during this period.**

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

**ANSWER:**

**Yes. [Commercially Sensitive Information: the company's shareholding information.]**

**Please find the diagram showing the complete ownership structure and all related companies with functions in Exhibit A-2.5.**

**[Commercially Sensitive Information: the company's shareholding information.]**

6. Is your company or parent company publically listed?  
If yes, please provide:
- (a) The stock exchange where it is listed; and
  - (b) Any principle shareholders<sup>2</sup>
- If no, please provide:
- (a) A list of all principal shareholders and the shareholding percentages.

**ANSWER:**

**No. KAE and its parent company are not publicly listed.**

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:**

**KAE produces various kinds of aluminium extrusions (including GUC and non-GUC) and other products, including processed aluminium products with the application in outdoor and architecture, auto parts, power generation systems, and**

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<sup>2</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.

**high-end precision electronics. KAE's market includes the domestic market, Australian and third countries.**

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

**ANSWER:**

**KAE performs all four functions.**

- (a) KAE produces the GUC for supply to the domestic market and for supply to overseas markets;**
- (b) Exports of the GUC to Australia is as set out in Section B;**
- (c) Exports of the GUC to third countries is as set out in Section F.**

**During the period, the export to Australia function was performed by [Commercially Sensitive Information: detailed function in Australian market].**

**During the period, for the export the third countries other than Australia, [Commercially Sensitive Information: detailed function in third countries market].**

**[Commercially Sensitive Information: affiliated companies involved in third countries market]. Please see the names and addresses of [Commercially Sensitive Information: affiliated companies involved in third countries market] below.**

**[Commercially Sensitive Information: names and addresses of affiliated companies involved in third countries market]**

9. Provide your company's internal organisation chart.

**ANSWER:**

**Please find the internal organisation chart in Exhibit A-2.9.**

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

**ANSWER:**

**Please refer to Exhibit A-2.9 for the internal organisation chart. The function of each department can be inferred from each department's name.**

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

**ANSWER:**

**Please refer to Exhibit A-2.11 for the product brochures issued by KAE.**

**A-3 General accounting information**

1. What is your financial accounting period?

**ANSWER:**

**The accounting period is from January 1 to December 31.**

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

**ANSWER:**

**Yes, KAE's financial accounts are audited. The auditors are Huang Mingzhi (CPA) and He Qiangtong (CPA) from Taishan City Longhe Certified Public Accountants Firm LTD.**

3. What currency are your accounts kept in?

**ANSWER:**

**KAE's accounts are kept in CNY.**

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

**ANSWER:**

**KAE's financial accounting system was [Commercially Sensitive Information: system name] during the period.**

5. What is the name of your sales system?

**ANSWER:**

**During the period, KAE's sales system was part of its financial accounting system, [Commercially Sensitive Information: system name].**

6. What is the name of your production system?

**ANSWER:**

**During the period, KAE's production system was part of its financial accounting system, [Commercially Sensitive Information: system name].**

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:**

**KAE's financial accounting, sales and production systems are the same system, [Commercially Sensitive Information: system name], so this question is not applicable.**

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

**ANSWER:**

**No. KAE's accounts are consistent with the Generally Accepted Accounting Principle of China and the Chinese Accounting Standards.**

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

**ANSWER:**

**No. There were no substantial change to KAE's accounting practices or policies over the last two years, but with the switching from the former Kingdee system to SAP system in January 2020, the accounting practices of KAE have certain changes, for example, the cost accounting method became more product specific and detailed. However, there's no change in the company's overall accounting policies.**

**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 Exhibit A-4.1.1 for the audit report of KAE for year 2020 and 2021, and the financial statements of KAE for first half year of 2022.**

**Please refer to Exhibit A-4.1.2 for the audit report of KHK for year 2020 and 2021, and the financial statements of KHK for first half year of 2022.**

**Please refer to Exhibit A-4.1.3 for KAU's audit report for year 2020 and 2021, and the financial statements of KAU for first half year of 2022.**

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:**

**Please refer to Exhibit A-4.1.1, Exhibit A-4.1.2 and Exhibit A-4.1.3 for the audit management letters from the auditor.**

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:**

**Please refer to Exhibit A-4.1.1, Exhibit A-4.1.2 and Exhibit A-4.1.3 for the profit & loss statements for the most recent financial year and 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.



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**ANSWER:**

Please refer to Exhibit A-4.1.1, Exhibit A-4.1.2 and Exhibit A-4.1.3 for the requested information.

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

**ANSWER:**

Please find KAE's trial balance for year 2021 and the period in Exhibit A-4.5.

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

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

**ANSWER:**

Please refer to KAE's chart of accounts in Exhibit A-4.6.

## SECTION B EXPORT SALES TO AUSTRALIA

### B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and 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

#### **ANSWER:**

Please see Exhibit B-1.1 Australian Sales Channel. There were three related parties involved in the export sales of the Australia as set out below.

**1) Tai Shan City Kam Kiu Aluminum Extrusion Co., Ltd. (KAE)**

[Commercially Sensitive Information: detailed function of KAE];

**2) Kam Kiu (Hong Kong) Limited (KHK)**

It is a trading company incorporated and operates in Hong Kong. [Commercially Sensitive Information: detailed function of KAE]

**3) Kam Kiu (Australia) Pty Ltd. (KAU)**

The main function of KAU is to support KHK in selling the GUC and other goods in Australia. It charged [Commercially Sensitive Information: proportion] of the sale value of GUC imported into Australia from KHK as commission, to cover KAU's direct and general expenses.

As almost all Australian buyers were old customers, [Commercially Sensitive Information: detailed sales channel to Australian market and functions of all entities involved].

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?

#### **ANSWER:**

**(a) Yes, during inquiry period, Australian customers paid in [Commercially Sensitive Information: currency].**

**(b) Not applicable. Forward contracts to lock in the foreign exchange rate relating to the export sales are not used.**

**(c) For purpose of accounting, especially for the booking of sales, the exchange rate is determined according to [Commercially Sensitive Information: website link] It is updated on a monthly basis.**

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.

**ANSWER:**

**During the period, KAE made exportations of GUC to Australia through KHK, a related company. There are no related Australian customers.**

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

**ANSWER:**

**No, sales are not made in accordance with a price list or price extras list. In making a price negotiation and price quotation, considerations are given to the current raw material price (aluminium ingot price on LME), conversion cost and estimated delivery expenses. Since the raw material price, conversion cost and estimated delivery expenses change from time to time, the prices of subject goods fluctuate accordingly. Therefore, KAE and related companies do not use price list.**

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.

**ANSWER:**

**The export selling prices do not vary according to the distribution channel, so this question is not applicable.**

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 and/or rebate.

**ANSWER:**

**No. KAE did not 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.**

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.

**ANSWER:**

**No. KAE did not 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.**

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:
- What date are you claiming as the date of sale?
  - Why does this date best reflect the material terms of sale?

**ANSWER:**

**Invoice date is taken as the date of sale in this response.**

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

- 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.
  - Where costs are described as 'other costs', please provide an explanation of these costs and provide substantiating documents where practical.
  - Please translate this document to English, with particular attention given to column headings.

**ANSWER:**

**Please refer to Appendix B-2 for the Australian sales. Please kindly note that, KAE has provided all information relates to the sales in this worksheet, including KHK's resale information.**

- 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".

**ANSWER:**

**Please refer to Appendix B-2 for the source of the data for each column in the "B-2 Australian sales" listing.**

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

- 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.*

**ANSWER:**

Please see **Exhibit B-3.1** for the sample 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.

**ANSWER:**

Please find the respective reconciliation table in **Exhibit 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 refer to **Appendix B-4** for Upwards sales.

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 refer to **Exhibit B-4.2** for the requested documents.

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 refer to **Appendix B-4** for the requested information.

**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 refer to **Appendix B-5** for Upwards selling expense.

**PUBLIC RECORD**

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:**

**Please refer to Appendix B-5 for the requested documents.**

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 refer to Appendix B-5 for the requested information.**

## SECTION C EXPORTED GOODS & LIKE GOODS

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

### C-1 Models exported to Australia

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

**ANSWER:**

During the period, the products of the PUC that KAE has exported to Australian are as follows.

[Commercially Sensitive Information: a list of PUC]

During the period, KAE exported various products, [Commercially Sensitive Information: number of PUC] of which were subject to anti-dumping duties. KAE realized that [Commercially Sensitive Information: number of goods] types of these products, [Commercially Sensitive Information: product type], were non-GUC. However, the freight forwarder hired by the company had inadvertently declared them as GUC, causing KAE to pay anti-dumping duties on these products. KAE hereby respectfully requests not to take those overpayment of anti-dumping duties as due allowance when calculate the export price of these goods that were inadvertently reported as GUC.

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.

**ANSWER:**

Please **find the MCCs of the goods exported to Australia as follows**. It covers all MCCs listed in the Australian sales listing in B-2.

SN	MCC (listed in B-2)
1	A-6A-T1-1
2	A-6A-T1-2
3	A-6A-T50-1
4	A-6B-T1-1
5	A-O-T1-1
6	BD-O-O-0
7	BD-O-T1-0
8	M-6A-O-0
9	M-6A-T1-0

10	M-6A-T50-0
11	M-6B-T1-0
12	M-6C-T1-0
13	M-6D-T1-0
14	M-O-O-0
15	M-O-T1-0
16	PC-6A-T1-0
17	PC-6A-T50-0
18	PC-6B-T1-0
19	PC-6C-T1-0
20	PC-O-O-0
21	PC-O-T1-0

**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 like products of the PUC that KAE sold on domestic market are as follows.**

**[Commercially Sensitive Information: a list of PUC]**

**The products sold on the domestic market during the period can be classified into 24 categories, based on type/shape of extruded product/cross-section, there are, however, other methods of products classifications, e.g. the products produced by KAE can be classified into auto accessories, extrusions for home consumption, for electronic and other industrial usages.**

**KAE has claimed in earlier proceedings concerning the same product from China that there are two general categories of product, namely (i) the ‘high-end’ products and (ii) ‘standard’ products. The high-end products consist of products such as, for example, electronics and car parts and as further described below, whereas the standard products consist of, for example, Aluminum profiles for buildings/constructions Attached as Exhibit C-2.1 Criteria of high-end goods is a list of ‘high end’ aluminium extrusion products and examples of ‘standard’ aluminum extrusion products. Only the standard products are exported to Australia.**

**As accepted or upheld by REP 392, SEF 543, and ADRP decision 2019/104, KAE’s “high-end” products sold on the domestic market should not be included in calculating a constructed normal value including the profit as required by section 45(2) of the Customs (International Obligations) Regulation 2015, in the context of section 269TAC(2)(c) of the ACT, if a particular market situation is found to exist.**

**As in the investigation/review periods of former proceedings, KAE has produced a substantial amount of “high-end” products and sold them on the domestic market during the period, no such “high-end” products were exported to Australian during both periods.**



In the period, the high-end products sold on the domestic market accounted for [Commercially Sensitive Information: proportion] of the total quantity sold domestically.

The high-end products consist of two general categories, i.e., electronic products and car parts, a filter from Appendix D-2 resulted in below items:

[Commercially Sensitive Information: a list of high-end product]

The high-end models differ from other models sold domestically, and importantly from the ‘standard aluminium products’ exported to Australia because of:

- a) tighter manufacturing tolerances;
- b) higher grades of alloy;
- c) additional processing;
- d) additional preparations prior to being coated; and/or
- e) detailed finishes<sup>3</sup>.

To clarify why these high-end goods in Appendix D-2 are substantially different from other models of goods, KAE insert additional columns, in Chinese and in English, to describe what exactly the products were about, and in the following column titled “High-end product?” KAE marked all products which it believes a high-end product with ‘yes’.

Such high-end products usually enjoy much higher profitability, if included in determining the profit margin, the resulting rate won’t reflect a reliable profit of goods which are considered to be like those exported to Australia. This was recognised by the ADRP and we hereby cite the ADRP decision “by including those higher profit margins in the profit component, there is the potential for a flawed and unfair outcome in which any of KAE’s competitors that do not manufacture models equivalent to the high-end models would have a lower rate profit applied to their products by the Commission during its construction of normal value in respect of their products. In this case, KAE’s normal products would have a higher dumping margin apply to them despite potentially having the same cost to manufacture and sell as its competitors”<sup>4</sup>.

KAE hereby again respectfully requests the Commission to disregard high-end goods in Appendix D-2 to this questionnaire response when calculating the profit in constructing normal value.

Please refer to Exhibit C-2.1.1 Criteria of high-end goods for a summary list of all goods produced and sold during the period and whether it is a high-end product.

With regard to alloy contained in the goods sold to the domestic market, some alloy codes are designed and customized following domestic customers’ specific requirements. For Australian market, all the goods with alloy code falling with the

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<sup>3</sup> Para. 122, page 38, ADRP Report No. 104 on Certain Aluminium Extrusions exported from the People’s Republic of China, August 2019. <https://www.adreviewpanel.gov.au>.

<sup>4</sup> Para. 124, page 38, ADRP Report No. 104 on Certain Aluminium Extrusions exported from the People’s Republic of China, August 2019. <https://www.adreviewpanel.gov.au>.

alloy designations published by The Aluminium Association commencing with 2 and 6. We provide an alloy code list both for domestic and Australian market in Exhibit C-2.1.2 Alloy code. KAE claims that only domestic sales with alloy code exported to Australia shall be taken into account when calculating the profit in constructing normal value.

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 MCCs of the goods sold on domestic market as follows. It covers all MCCs listed in the domestic sales listing in D-2.

SN	MCC (listed in D-2)
1	A-6A-O-1
2	A-6A-T1-1
3	A-6A-T1-2
4	A-6C-T1-1
5	A-6C-T1-2
6	A-O-T1-1
7	A-O-T1-2
8	BD-6A-O-0
9	BD-O-T1-0
10	M-6A-O-0
11	M-6A-T1-0
12	M-6A-T50-0
13	M-6B-T1-0
14	M-6C-O-0
15	M-6C-T1-0
16	M-6D-T1-0
17	M-O-O-0
18	M-O-T1-0
19	M-O-T50-0
20	PC-6A-O-0
21	PC-6A-T1-0
22	WP-6A-O-0
23	WP-6A-T1-0
24	WP-6C-T1-0

**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.
    - (b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.
    - (c) Provide a table of showing the product or SKU codes for each MCC.
  - If no:
    - (a) Provide details on the method used to identify the MCC in the sales and cost spreadsheets.

**ANSWER**

**KAE uses an internal product code. Please see Exhibit C-3.1 for the internal code and MCC matching table.**

## SECTION D DOMESTIC SALES

If your company did not sell like goods on the domestic market during the review period, please contact the Commission as soon as possible. You may be required to complete this section (and G-3) as it relates to export sales to third countries. You may also be asked other supplementary questions. Extensions will not be granted as a result of delays in contacting the Commission in this regard.

### 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:**

**All domestic sales of the GUC are made by KAE and there is only one distribution channel, i.e., KAE directly sells the GUC to customers. The flow chart for movement of the GUC is provided in Exhibit D-1.1.**

**KAE is both producer and seller on domestic market, and it is responsible for the delivery of goods to customers for most domestic sales.**

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:**

**None of the customers are related to KAE.**

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

**ANSWER:**

**No, sales are not made in accordance with a price list or price extras list. In making a price negotiation and price quotation, considerations are given to the current raw material price (aluminium ingot price on LME), conversion cost and estimated delivery expenses. Since the raw material price, conversion cost and estimated delivery expenses change from time to time, the prices of subject goods fluctuate accordingly. Therefore, KAE and related companies do not use price list.**

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:**

**The domestic selling prices did not vary according to the distribution channel.**

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 and/or rebate.

**ANSWER:**

**No. KAE did not 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 like goods during the period.**

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:**

**No. KAE did not 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.**

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:
- What date are you claiming as the date of sale?
  - Why does this date best reflect the material terms of sale?

**ANSWER:**

**Invoice date is taken as the date of sale in this response.**

## **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.
  - Where costs are described as 'other costs', please provide an explanation of these costs and provide substantiating documents where practical.
  - Please translate this document to English, with particular attention given to column headings and customer names.

**ANSWER:**

**Please refer to Appendix D-2 for Domestic sales.**

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:**

Please refer to **Exhibit B-4.2** for the source data for each column in the “D-2 domestic sales” listing.

**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 see **Exhibit D-3.1** for the sample documents.

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:**

Please see the annotate to the documents in **Exhibit D-3.1**.

**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 refer to **Appendix B-4** for Upwards sales.

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 refer to **Appendix B-4** for requested information.

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 refer to Appendix B-4 for requested documents.

## SECTION E DUE ALLOWANCE

### E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
  - (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
    - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
    - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
  - (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?
  - (c) Do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of interest rates?

#### ANSWER:

Yes.

**(a) No. Specific payment terms are agreed at the time of sale. Please refer to column “Payment terms (number of days)” in Appendix D-2 Domestic sales.**

**(b) No. KAE does not have short term borrowings or an overdraft facility during the period. The benchmark lending interest rate for short-term loans published by People's Bank of China is 4.35%. We use the rate [Commercially Sensitive Information: interest rate] when calculating credit cost in B-2.**

**(c) No.**

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:

Yes.

**(a) No. Specific payment terms are agreed at the time of sale. Please refer to column “Payment terms (days)” in Appendix B-2 Australian sales.**

**(b) The Austrian customers pay in AUD. Neither KAE nor KHK does has a short-term borrowing, an overdraft facility or other cash products denominated in the same foreign currency.**



## E-2 Packaging

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

**ANSWER:**

**The usual packaging used for domestic sales of like goods is [Commercially Sensitive Information: packing material].**

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

**ANSWER:**

**The packaging used for export sales of the goods to Australia is [Commercially Sensitive Information: packing material].**

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:**

**There were no such differences between domestic sales and exports sales to Australia.**

## 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:**

**Yes. Please refer to Column “Delivery terms” in in Appendix D-2 Domestic sales. KAE has used the [Commercially Sensitive Information: account name and allocation method] to get the inland freight.**

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

**ANSWER:**

**The delivery terms of the export sales of the goods to Australia include [Commercially Sensitive Information: delivery terms].**

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

**ANSWER:**

**If the delivery terms of the Australian sales include delivery to the port, KAE is responsible for transporting the GUC to the designated port of loading in China and, bearing inland transportation costs. The inland transport and port charges calculated in the Australian sales listing in B-2 were reported according to the actual expenses incurred by KAE.**

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:**

**If the delivery terms of the Australian sales include ocean freight, [Commercially Sensitive Information: detailed ocean transportation and charges].**

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:**

**KAE is bearing the marine insurance. The marine insurance cost was reported according to the actual expenses incurred by KAE.**

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:**

**[Commercially Sensitive Information: detailed duty payment information].**

#### **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:**

**There is no commission incurred on domestic sales. [Commercially Sensitive Information: detailed commission information for export].**

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:
- What is the rate of value-added tax (VAT) on sales of the goods and like goods?
  - How is VAT accounted for in your records in relation to sales of the goods and like goods?
  - Do you receive a VAT refund in relation to sales of the goods and/or like goods?
  - Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

**ANSWER:**

**Yes.**

**The VAT rate on the sales of the like goods is 13%.**

**The VAT accounted for in the records in relation to sales of like goods by the VAT invoice date. Since no VAT is applicable for exported goods, no VAT is accounted for the goods sold to Australia.**

**The VAT refund is applicable to the sales of the goods and not applicable to the like goods sold domestically.**

**No remission or drawback of import duties on inputs consumed in the productions of the goods or like goods.**

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:**

**No. There are no other direct selling expenses incurred by the Company in relation to domestic sales of like goods.**

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:**

**No. There are no other direct selling expenses incurred by the Company in relation to export sales of the goods to Australia.**

**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* (available on the Commission's website) for more information.

**ANSWER:**

**There were no such other factors.**

## 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:**

**KHK exported the GUC manufactured by [Commercially Sensitive Information: detailed sales process in third country markets].**

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:**

**During the period, KAE had exportations to third countries [Commercially Sensitive Information: affiliated companies involved in third country sales]. There are no related third country customers.**

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:**

**Invoice date is taken as the date of sale in this response.**

### 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.
  - Where costs are described as 'other costs', please provide an explanation of these costs and provide substantiating documents where practical.
  - Please translate this document to English, with particular attention given to column headings and customer names.

**ANSWER:**

**Please refer to Appendix F-2 for the Third country sales.**

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 Appendix F-2 for the source of the data for each column in the “F-2 Third country sales”.

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

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

**ANSWER:**

**No. There are not many differences in sales to third countries which may affect their comparison to export sales to Australia.**

## SECTION G COST TO MAKE AND SELL

### G-1. Production process

1. Describe the production process for the goods and provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

**ANSWER:**

Please refer to **Exhibit G-1.1** for Production Process.

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:**

**No. There are no related suppliers to KAE.**

### G-2. Cost accounting practices

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

**ANSWER:**

**KAE used [Commercially Sensitive Information: cost information].**

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:**

- (a) **Yes. KAE has reported the [Commercially Sensitive Information: cost information] in Appendix G-3.1 and Appendix G-5.1.**
- (b) **Yes. [Commercially Sensitive Information: cost information]**
- (c) **Please refer to the answer below in G-6 for the detailed information.**
- (d) **There was no significant or unusual cost variance occurred during the period, the variances between standard and actual production costs are mainly [Commercially Sensitive Information: cost information] and none of them was unusual.**

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:**

**Yes. Please refer to Exhibit G-2.3 Cost centres for the detailed information. [Commercially Sensitive Information: cost information].**

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

**ANSWER:**

**KAE's cost accounting system records production costs to [Commercially Sensitive Information: cost information].**

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

**ANSWER:**

**No. There are no costs for management accounting purposes valued differently to financial accounting purposes.**

6. Has your company engaged in any start-up operations in relation to the goods? If yes:  
(a) Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.  
(b) State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**ANSWER:**

**KAE did not engage in start-up operations, so this question is not applicable.**

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:**

**KAE used [Commercially Sensitive Information: cost information] of valuation for raw material, work-in-progress, and finished goods inventories.**

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

**ANSWER:**

**The damaged goods would be [Commercially Sensitive Information: cost information].**

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

**ANSWER:**

**KAE records [Commercially Sensitive Information: cost information]**

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

**ANSWER:**

**No. There are no management fees/corporate allocations charged to KAE by its parent or related company.**

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

1. Complete the worksheet named "G-3 Domestic CTM".
  - This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If you have claimed in 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.
  - Please take care to complete this worksheet with regard to MCC structure.

**ANSWER:**

**Please refer to Appendix G-3 Domestic CTM.**

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 refer to Exhibit G-8.2 for the source of the data for each column of the "G-3 Domestic CTM" listing.**

**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 refer to Appendix G-4.1 SG&A listing.**

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

**ANSWER:**

**Please refer to Appendix G-4.2 Domestic SG&A calculation.**



## 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.
  - Please take care to complete this worksheet with regard to MCC structure.

### ANSWER:

Please refer to Appendix G-5 Australian CTM.

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:

Please refer to Appendix G-3.2 for the source of the data for each column of the "G-5 Australian CTM" listing.

## G-6 Cost allocation method

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

### ANSWER:

Since there is no requirement for a company by Chinese GAAP to book and calculate its CTM by destination markets, KAE's cost accounting system records the production costs for different categories of products but not for different markets.

As mentioned above, KAE used [Commercially Sensitive Information: cost information]

Please see the detailed information in Exhibit G-6.2.

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 method described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

### ANSWER:

Please refer to Exhibit G-6.2 for the sample worksheets demonstrating the allocation

method described in G-6.1 from KAE's normal cost accounting system to the cost for that model reported in G-3.1.

[Commercially Sensitive Information: cost information] as detailed in Exhibit G-6.2.

## G-7 Major raw material costs

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

### ANSWER:

**The major raw materials that account for 10% or more of the total production cost are aluminium ingots and billets.**

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:

**Certain amount of [Commercially Sensitive Information: cost information] were produced by KAE itself, Appendix G-7.2 is prepared with production costs for self-produced [Commercially Sensitive Information: cost information].**

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 weighted average percentages of raw material inputs (including aluminium ingots and billets) cost (listed in G-7.1) are calculated using the domestic cost data in "G-3 Domestic CTM", the combined percentage of aluminium ingots and billets as a proportion of total cost to make is [Commercially Sensitive Information: porportion].**

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 refer to Appendix G-7.4 Raw material purchases.

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

ANSWER:

Please refer to Appendix G-7.4 for the source of the data for each column of the “G-7.4 Raw material purchases” listing.

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 find the invoices, proof of payment, relevant purchase ledgers and reconciliation worksheet in Exhibit G-7.6.

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:

No suppliers in Appendix G-7.4 Raw material purchases listing are related to KAE.

## **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 refer to Appendix G-8 Upwards costs.

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:

Please refer to Exhibit G-8.2 for other worksheet documents to complete the “G-8 Upwards costs”.

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 refer to Exhibit G-8.2.

## **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:**

**KAE records the [Commercially Sensitive Information: cost information] See the CTM database in Exhibit G-8.2 for details.**

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:**

**KAE uses the [Commercially Sensitive Information: cost information].**

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:**

**The volumes reported in the cost appendixes (i.e., Appendix G-3 and Appendix G-5) [Commercially Sensitive Information: reason for difference].**

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;
  - (b) the monthly amount of inventory maintained during the period; and
  - (c) the average period of time that inventory is retained, and how this is calculated.

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

### **ANSWER:**

**KAE does not have warehousing facilities outside the factory, so this question is not applicable.**

## SECTION H PARTICULAR MARKET SITUATION

### H-1 Reporting requirements

1. Describe generally all interaction that your business has with the GOC (GOC) at all levels, including (but not limited to):
  - (a) reporting requirements;

**ANSWER:**

**KAE should file the financial statements to the taxation authorities so that the authorities can calculate and review the amount of taxes that should be levied on KAE.**

- (b) payment of taxes;

**ANSWER:**

**KAE should pay income tax, value-added tax and other applicable taxes to the taxation authorities.**

- (c) senior management representation within your business;

**ANSWER:**

**The senior management of KAE has no involvement with the GOC. KAE is a private owned company.**

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

**ANSWER:**

**As a private company, KAE is not supervised by the State-owned Assets Supervision and Administration Commission (SASAC) or anybody under the control of SASAC.**

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

**ANSWER:**

**KAE, as a private company, makes its own business decisions, and no government department/office is involved.**

- (f) licensing;

**ANSWER:**

**KAE has obtained a Business license under Chinese Law and is free to operate under laws and regulations without government intervention.**

- (g) restrictions on land use;

**ANSWER:**

**There's no special restriction on the land use of KAE.**

(h) provision of loans; or

**ANSWER:**

**KAE didn't receive preferential loans.**

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

**ANSWER:**

**Please refer to Appendix I-1 for the list of grants, awards or other funds received by KAE from 2019 to 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:**

**No, KAE is not an SOE or SIE. It's a 100% privately owned and foreign-invested company.**

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

**ANSWER:**

**The only shareholder of KAE is [Commercially Sensitive Information: shareholding information], thus KAE has no Board of Shareholders.**

**The Board of Shareholders of KAE's related entities/companies are as follows: [Commercially Sensitive Information: detailed information of Board of Directors and Board of Shareholders of KAE's related entities].**

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

**ANSWER:**

**The common directors and officers between [Commercially Sensitive Information: detailed information of common directors and officers].**

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 GOC (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 GOC.

**ANSWER:**

**No member is a representative, employee or otherwise affiliated with the GOC.**

**PUBLIC RECORD**

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:**

**There's no representative from the CCP in KAE and all other related entities.**

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 GOC? If yes, identify any relevant government department(s) they are affiliated with.

**ANSWER:**

**No member of KAE or any other entities related to KAE is appointed or recommended by the GOC.**

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 GOC;
  - employees of your business;
  - foreign investors; or
  - other (please specify).

**ANSWER:**

**The only shareholder of KAE is [Commercially Sensitive Information: related company name] is an investment-holding BVI company that foreign investors own.**

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

**ANSWER:**

**There was no significant change in the ownership structure of KAE during the period.**

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

**ANSWER:**

**No management position is appointed or designated to act on behalf of government authorities.**

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 such requirements in law or practice.**

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:**

**KAE is not a publicly-traded company, thus this question is not applicable.**

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

**ANSWER:**

**KAE is not a publicly-traded company, thus this question is not applicable.**

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

**ANSWER:**

**The Board of Directors has the right to reward, fire or discipline the senior managers.**

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

**ANSWER:**

**No, there is no manager from KAE holding positions in any GOC departments, organizations, associations or Chambers of Commerce.**

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

**ANSWER:**

**KAE has no pricing committee.**

### **H-3 Licensing**

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

**ANSWER:**

**Please refer to Exhibit H-3.1 for the business license of KAE and its English translation.**

2. Identify the GOC departments or offices responsible for issuing the license(s).

**ANSWER:**

**The Administration for Industry and Commerce in Jiangmen is responsible for issuing Business Licences.**

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

**ANSWER:**

**In general, the procedure to apply for a license is to apply with materials set forth below:**

**A letter of application issued by the legal representative;  
Certificate of a representative of shareholders or an agent jointly appointed by shareholders;  
A copy of the Articles of Association;**



**Certificate for the place of operation;  
Certificate of property;  
Identity of the legal representative;  
Certificate of investment verification;  
Letter of appointment of the members of the Board and managers, their names, identity, residence, and name of the company.**

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

**ANSWER:**

**No particular requirement or condition must be met to obtain the license.**

**KAE could obtain the business license as long as it meets the general requirements and conditions as stated in the Company Law of the People's Republic of China:**

- a) the number of shareholders constitutes a quorum;**
- b) the company has capital contributions in compliance with the articles of association of the related company, which are subscribed for by all shareholders;**
- c) the articles of association are formulated collectively by shareholders;**
- d) the company has a name and an organizational structure that complies with the requirements for limited liability companies; and**
- e) the company has a domicile.**

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

**ANSWER:**

**The Business License indicates that a company is incorporated under the relevant laws and has duly obtained a “legal person” status. No restrictions are imposed on activities specified and performed by a company.**

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

**ANSWER:**

**If a company wishes to expand its business scope, it notifies the Administration for Industry and Commerce, where the company is registered. Suppose a company expands its business scope without informing the local administration for industry and commerce. In that case, the administration will stop it according to the law and confiscate illegal income. If the company's behaviour violates criminal law, the company shall be investigated for criminal responsibility according to the law.**

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

**ANSWER:**

**As seen from the copy of the Business License submitted, KAE has the right to deal with the production and sale of a range of productions and sales of aluminum and other metal products, including aluminum extrusions.**

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

**ANSWER:**

**Suppose a company is involved in illegal activities, goes bankrupt, engages in fraudulent business practices, forges documents, alters the Business License or transfers, lends or rents the Business License, etc. In that case, the Administration for Industry and Commerce in Jiangmen can revoke the Business License.**

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

- 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:**

**The decision-making process is, in general, done by the general manager and relevant department managers. Usually, business decisions are made based on the market situations, materials' prices, costs and other related information.**

**The decisions on what goods to produce are based on the customers' orders, while the sales department will evaluate the prices to ensure the sale is profitable. The raw material prices and the production complexity will also be considered.**

**The general manager and relevant department managers are responsible for the decisions on production and the purchase of inputs. KAE purchases its inputs, most notably aluminum ingots, from domestic and foreign markets at market prices.**

**The Labour force is normally secured from the labour market based on mutual needs. Utilities are secured by agreements or contracts with the relevant suppliers. Profit is distributed following KAE's articles of association.**

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

**ANSWER:**

**There is no government involvement in the decision-making process respecting the manufacture, marketing and sale of aluminium extrusion products.**

- 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:**

**No government department/office is involved, either directly or indirectly, in manufacturing, selling or purchasing aluminium extrusions products.**

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

**ANSWER:**

**KAE submits a general report with regard to the production and sales of its products to the Bureau of Statistics in Jiangmen city on a quarterly basis. Moreover, KAE needs to submit the enterprise income tax return and VAT refund return to the relevant tax authorities.**

- 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:**

**KAE, as a private company, does not have copies of any Provincial/City Five Year Plans.**

- 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 GOC (including the National Development and Reform Commission).

**ANSWER:**

**KAE has no Five-year Plans.**

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

**ANSWER:**

**KAE didn't hold a Board of Directors meeting over the inquiry period. In addition, as mentioned above, KAE has no Board of Shareholders.**

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

**ANSWER:**

**KAE doesn't hold company meetings to make pricing decisions on aluminium products. As mentioned above, the decision-making process is done by the general manager and relevant department managers based on the market, materials' prices, costs and related information.**

## **H-5 Financial and investment activities**

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

**ANSWER:**

**KAE is not debt funded. It has a few bank loans, please see the answer in H-5.2.**

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

**ANSWER:**

**The rates of interest paid by KAE over the last 5 years were [Commercially Sensitive Information: interest rate].**

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

**ANSWER:**

**KAE has not benefited from any concessional interest rate for its loans received/held in the last 5 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:
- (a) explain what instruments were used;
  - (b) identify the type (e.g government guarantee) and provider of the security; and
  - (c) explain the reasons for raising the capital.

**ANSWER:**

**KAE has not raised any capital using the issuance of shares, preferential shares, rights issues, bonds, warrants, debentures, sub-ordinate loans, and other debt and 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:**

**KAE does not have policies on how cash reserves are to be invested.**

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:**

**KAE has not invested in either government or non-government debt securities (including bonds, quasi-government bonds).**

## **H-6 Government policy on the industry**

1. Are there any GOC 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:
- (a) copy of the documentation and a translation in English;
  - (b) documentation concerning the GOC or any association of the GOC's notification of the measures concerning the goods to your company during the period.

**ANSWER:**

**As a 100% private and foreign-invested enterprise (FIE), KAE is unaware of any documents concerning the aluminum industry/sector.**

2. Provide information concerning the name of any GOC departments, bureaus or agencies responsible for the administration of all GOC 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:**

**KAE doesn't know if there is any industrial policy or guidance on the aluminium industry sector.**

- market entry criteria for the industry;

**ANSWER:**

**KAE is not aware of any such entry criteria for the aluminium industry sector.**

- environmental enforcement for the industry;

**ANSWER:**

**There are no special rules or guidelines for the aluminium industry sector. The Environment Protection Bureau is focused on broad regulation and enforcement of laws and requirements related to reversing environmental degradation, particularly of air and water and conservation of energy and natural resources.**

**The local Environment Protection Bureau office and contact are:**

**Jiangmen Environment Protection Bureau**

**Contact person: Guo Wenhong**

**Tel: +86 750-5575919**

- management of land utilization;

**ANSWER:**

**The mandate of the Land and Resources Bureau is universal in its region. It does not focus on the aluminium industry sector or insofar, as KAE is aware, any other manufacturing sector.**

**Jiangmen Land and Resources Bureau**

**Contact person: Liu Yuancheng**

**Tel: +86 750-5653225**

- the China Banking Regulatory Commission for the industry;

**ANSWER:**

**KAE does not deal with this authority and cannot provide requested information. KAE doesn't have knowledge if CBRC regulates any industrial sector, but certainly not the aluminium industry sector.**

- investigation and inspection of expansion facilities;

**ANSWER:**

**KAE is not aware of such authority.**

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

**ANSWER:**

**KAE has no dealing with such authority and is unaware of any NDRC responsibility for the aluminium industry sector.**

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

**ANSWER:**

**KAE has no dealing with such authority.**

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:**

**KAE is a private company and does not play any role in developing the government's industrial plans and policies at all levels of government. KAE does not provide information for or request inclusion in any plans, policies, or measures.**

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

**ANSWER:**

**KAE is a private company and does not provide information relating to assessments of the implementation of the plan, policy or measure.**

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

**ANSWER:**

**KAE is not designated by the Government of China as "pillar," "encouraged," "honourable," or any other designation.**

## **H-7 Taxation**

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

**ANSWER:**

**No, there wasn't any export tax on the exports of aluminium extrusions during the inquiry period.**

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

**ANSWER:**

**The value-added tax (VAT) rebate applicable to products under inquiry was 13% during the inquiry period.**

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 GOC notices regarding these changes, including the relevant appendices.

**ANSWER:**

**The value-added tax (VAT) rebate applicable to the products under inquiry was 13% during the period.**

**However, there are also several kinds of products to which the value-added tax (VAT) rebate applicable has changed during the inquiry period, please refer to Exhibit H-7.3 a) for the Chinese and English versions of the detailed chronological history of the value-added tax rebate rates, the products affected and the effective dates of the rate changes.**

**Please also refer to the Exhibit H-7.3 b) for the Chinese and English versions of the translated copies of Government of China notices regarding the above-mentioned changes.**

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

**ANSWER:**

**KAE is not aware of any such tax changes being planned.**

## **H-8 Sales terms and sales price**

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

**ANSWER:**

**The General Manager and business department are responsible for establishing sales prices and other contract provisions in KAE.**

2. Explain how the selling prices of the goods under consideration by your business are determined, including any GOC involvement in your business' pricing decisions, and indicate if the goods are subject to GOC direct or indirect pricing or government guidance pricing. In answering this question please address:
- whether your business has been subjected to any direct or indirect price guidance or controls by the GOC during the period; and

**PUBLIC RECORD**

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

**ANSWER:**

**Prices of aluminium extrusions are determined based on the price of raw materials, conversion cost and market situation, and also according to the negotiation between KAE and buyers. The sales managers and management have the right to decide the price, and they exercise this right. At no time are the goods subject to direct or indirect pricing control or government pricing guidance.**

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

**ANSWER:**

**There is no such co-ordination between KAE and other domestic producers, any GOC departments. Such collusion would be subject to penalties and punishment under the competition laws.**

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

**ANSWER:**

**KAE is not required and did not submit information/data to GOC, other government officials or commercial/industry organisations which report on the industry. The tax related information and statistical information/data submitted to the local statistical bureau is for general purposes requested by law.**

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

**ANSWER:**

**KAE never submits any 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:**

**No. KAE has not encountered any price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.**

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

**ANSWER:**

**No. KAE has not encountered any other restrictions, limitations, or other**



**considerations imposed on its business.**

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

**ANSWER:**

**KAE is the price leader for the high-end products in the Chinese market.**

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:**

**No. KAE does not have a pricing committee in respect of the goods.**

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:**

**KAE does not have a pricing committee in respect of the goods, thus this 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:**

**The General Manager and business department are responsible for establishing sales prices and other contract provisions in KAE.**

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:**

**Not applicable. All of KAE's production facilities of the goods are located in Guangdong Province.**

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

**ANSWER:**

**No. KAE has not been subjected to any direct or indirect price guidance or controls by the GOC during the period, with respect to raw material inputs.**

## **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 GOC with the associations.

**ANSWER:**

**No, KAE is not a member of any industry association.**

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 GOC concerning the industry.

**ANSWER:**

**KAE is not a member of any industry association, thus this 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:**

**KAE reports quarterly financial data to the local Bureau of Statistics in accordance with the requirements of statistics law and regulations. The purpose is to elicit national wide economic development pictures.**

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:**

**Please refer to Exhibit H-10.2 for the sample submitted to the local bureau of statistics.**

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

**ANSWER:**

**No, the bureau of statistics doesn't approve or assess KAE's submission.**

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

**ANSWER:**

**There's no feedback on KAE's submission.**

## **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:**

**KAE does not aware of any such guidance.**

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

**ANSWER:**

**KAE does not aware of any such guidance, thus this question is not applicable.**

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

**ANSWER:**

**KAE is not aware of such restrictions.**

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:**

**Please refer to Exhibit D-2.2 for the list of all KAE's domestic customers of the like goods, include the location (city and province) of the customer and whether each customer is a SIE.**

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 such restrictions and conditions in relation to the quality or quantity of the production of the goods placed upon KAE by GOC.**

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

**ANSWER:**

**Export licences are not required for aluminium extrusion products.**

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:**

**KAE is not aware of such restrictions and limits.**

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

**ANSWER:**

**KAE's production capacity has not changed over the last 5 years.**

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:**

**No, KAE doesn't 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:

**There is no government approval process for adding capacity and/or entering into joint ventures in relation to KAE's business. Just like KAE, many participants of the aluminium industry are privately owned FIEs. The aluminium industry is characterized by constant innovation and productivity enhancement, thus it is a model of pure competition. The company itself can independently make decisions for matters addressed in this question.**

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:

**No. The government have no right to request modifications in the terms of adding capacity and/or joint ventures. Just like KAE, many participants of the aluminium industry are privately owned FIEs. The aluminium industry is characterized by constant innovation and productivity enhancement, thus it is a model of pure competition. The company itself can independently make decisions for matters addressed in this question.**

## H-13 Raw materials

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

### ANSWER:

**None of the suppliers are related to KAE.**

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

### ANSWER:

**Please refer to Exhibit I-2 for the list of all KAE's domestic suppliers of the key raw materials, include the location (city and province) of the customer and whether each supplier is an SOE/SIE.**

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

### ANSWER:

**The import duty rates applied on the aluminum ingot imported by the KAE are as follows:**

**The import tariff rate is zero;**

**The import VAT rate was 13% during the period.**

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

**ANSWER:**

**KAE negotiates purchase prices of aluminium billet/ingot with each supplier separately, the terms of transaction also make the differences, also, the prices reflect the fluctuation of market situation, the quality of service provided by the supplier and the quality of raw materials provided.**

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:**

**KAE's purchase procedures of raw materials are as follows:**

**Select several raw material suppliers with good reputation in the industry;**

**Let the above suppliers provide samples, and KAE carries out testing and trial to determine the quality of raw materials and whether they meet the company's use standards.**

**KAE's considerations in selecting a supplier are as follows:**

**Goodwill of supplier;**

**Quality of raw materials provided by supplier;**

**Quality of services provided by supplier;**

**Whether the supplier's price is affordable.**

**How the price of the raw materials is determined between KAE and the suppliers:**

**KAE negotiates purchase prices of raw materials with each supplier separately based on KAE's considerations as stated above.**

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

**ANSWER:**

**No. KAE's business has not been subjected to any direct or indirect price guidance or controls by the GOC during the period, with respect to raw material inputs.**

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.

**ANSWER:**

**Please refer to Exhibit I-2 for the list of all KAE's domestic suppliers of the key raw materials, include 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).

**ANSWER:**

**To import raw materials, KAE needs to first obtain the Registration Certificate of Customs Declaration Unit of the People's Republic of China from the Chinese customs**

to obtain the right to import and export goods.

Then KAE can import raw materials by declaration to the Chinese customs when importing raw materials.

- (c) Provide details of any conditions to importing the raw materials (e.g. customs and/or quarantine).

**ANSWER:**

To import raw materials, KAE needs to submit documents such as raw material purchase contract, invoice, packing list, full bill of lading, import duty and import value-added tax payment certificate to the Chinese customs to declare imported raw materials.

After that, the raw materials shall be subject to inspection and quarantine conducted by the Chinese customs before they can be finally imported.

- (d) Are you eligible for a duty drawback? If yes, provide details.

**ANSWER:**

All enterprises qualified for import and export of goods are eligible for tax refund, including KAE.

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:**

Please refer to Exhibit D-2.2 for the list of all KAE's domestic customers of the like goods and Exhibit B-2 for the list of KAE's Australian sales through KHK of the raw material or semi-processed goods which are sold.

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

**ANSWER:**

As previously answered in H-12.4, prices of aluminium extrusions are determined based on the price of raw materials, conversion cost and market situation, and also according to the negotiation between KAE and buyers. Hence, the selling prices to all related and unrelated parties are different based on the specific requirements of each transaction.

## SECTION I COUNTERVAILING

In the most recent Continuation inquiry into the goods (Continuation inquiry 543) conducted by the Commission, the following programs were found to be countervailable:

Program Number	Program Name	Program Type	Countervailable in relation to the goods (Yes/No)
2	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'	Grant	Yes
3	Provincial Scientific Development Plan Fund	Grant	Yes
4	Export Brand Development Fund	Grant	Yes
5	Matching Funds for International Market Development for Small and Medium Enterprises (SME)	Grant	Yes
6	Superstar Enterprise Grant	Grant	Yes
7	Research & Development (R&D) Assistance Grant	Grant	Yes
8	Patent Award of Guangdong Province	Grant	Yes
9	Training Program for Rural Surplus Labour Force Transfer Employment	Grant	Yes
15	Aluminium provided at less than adequate remuneration	Less than adequate remuneration	Yes
18	Preferential tax policies in the Western Regions	Tax	Yes
21	Tariff and VAT Exemptions on Imported Materials and Equipment	Tariff and VAT Exemptions	Yes
26	Innovative Experimental Enterprise Grant	Grant	Yes
29	Special Support Fund for Non-State-Owned Enterprises	Grant	Yes
32	Venture Investment Fund of Hi-Tech Industry	Grant	Yes
35	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant	Yes
47	Preferential tax policies for high and new technology enterprises	Tax	Yes
48	Provincial Government of Guangdong (PGOG) tax offset for R&D	Tax	Yes
56	PGOG special fund for energy saving technology reform	Grant	Yes
58	Development assistance grants from the Zhaoqing New and High Tech Industrial Development Zone (ZHTDZ)	Grant	Yes
59	Processing trade special fund	Grant	Yes
60	Trade insurance support fund	Grant	Yes

**PUBLIC RECORD**

<b>Program Number</b>	<b>Program Name</b>	<b>Program Type</b>	<b>Countervailable in relation to the goods (Yes/No)</b>
61	Enterprise employment fixed point monitoring work subsidy	Grant	Yes
62	Special funds for provincial enterprises to transfer and upgrade equipment	Grant	Yes
63	Reserve funds for enterprise development	Grant	Yes
64	High integrity enterprise award 2014	Grant	Yes
65	Jiangmen engineering technology research centre award	Grant	Yes
66	2016 Shanghai Automotive Commodities Exhibition special fee subsidy	Grant	Yes
67	Corporate remuneration survey subsidy	Grant	Yes
68	Energy saving project subsidy	Grant	Yes
69	Science and technology project subsidy	Grant	Yes
70	Provincial engineering and technology research centre 2016	Grant	Yes
71	Foreign trade development fund subsidy of Jiangmen City	Grant	Yes
72	2015 Special Funds of Technology Renovation technical renovation project with environmental protection	Grant	Yes
73	Provincial Market Development Grant for foreign trade exhibitions and SMEs International market development	Grant	Yes
75	Subsidy for Supporting Foreign Trade Enterprises of Nan'an city in 2017	Grant	Yes
76	Fund for Supporting Foreign Trade Export in 2017 of Nan'an Municipal Bureau of Financial	Grant	Yes
77	Power consumption award for production and efficiency increase in December 2016	Grant	Yes
78	Integration of informationization and industrialization management system (Note changed from market development due to info provided from Goomax)	Grant	Yes
79	Subsidy for invention patents	Grant	Yes
80	No. 269: Special project for technology reform- subsidy for technology reform	Grant	Yes
81	Madrid Trademark grant by Fujian Provincial Administration for Industry and Commerce	Grant	Yes
82	2016 Award for brand value from Finance Bureau	Grant	Yes
83	Social security fund Guangzhou Social Insurance Fund	Grant	Yes
84	Patent supporting fund	Grant	Yes
85	Unemployment fund Guangzhou Social Insurance Fund	Grant	Yes



**PUBLIC RECORD**

<b>Program Number</b>	<b>Program Name</b>	<b>Program Type</b>	<b>Countervailable in relation to the goods (Yes/No)</b>
86	Technology supporting fund	Grant	Yes
87	Special fund Industry technology development and research	Grant	Yes
88	Industry technology R&D fund	Grant	Yes
89	Technology innovation fund	Grant	Yes
90	Social security fund Zencheng City	Grant	Yes
91	2016 Jiangmen support fund for technology development	Grant	Yes
92	Funds for EFT16 technical reform	Grant	Yes
93	Funds for 2016 technical renovation	Grant	Yes
94	EFT provincial Industry and informatization special research expenses supplement fund	Grant	Yes
95	2017 Enterprise Compensation Survey Fund	Grant	Yes
96	VOCs treatment fund for the process of injection workshop	Grant	Yes
97	Economic investigation fund	Grant	Yes
98	2017 Provincial Motor Energy Efficiency Promotion Special Fund	Grant	Yes
99	2017 Jiangmen Enterprise Major technology platform construction Fund	Grant	Yes
100	Receiving the payment from Taishan Finance Bureau	Grant	Yes
101	2017 Jiangmen Enterprise Research and Development Financial Aid Fund	Grant	Yes
102	Taishan High-integrity enterprise project fund	Grant	Yes
103	2017 Provincial Enterprise Research and Development Fund	Grant	Yes
104	Special funds for enterprises in large equipment manufacturing industry	Grant	Yes
105	2017 Provincial New enterprise Technology Reform Fund	Grant	Yes
106	Jiangmen supported science and technology development projects 2018	Grant	Yes
107	2018 special fund support project fund	Grant	Yes
108	Jiangmen municipal support science and technology development funds in 2019	Grant	Yes
109	Subsidy for employment of the disabled	Grant	Yes
110	Environmental Protection Subsidy from Nan'an City Dongtian Government	Grant	Yes

**PUBLIC RECORD**

<b>Program Number</b>	<b>Program Name</b>	<b>Program Type</b>	<b>Countervailable in relation to the goods (Yes/No)</b>
111	Electricity Incentive Reward for Promoting Industrial Enterprise to Increase Production and Increase Efficiency of April to June of 2018	Grant	Yes
112	Subsidy for Foreign Economic and Trade Enterprise of 2018	Grant	Yes
113	Fund for Natural Disaster Relief	Grant	Yes
114	Subsidy for Chief Technology Officer	Grant	Yes
115	Electricity Incentive Reward of Production Increase and Efficiency Increase for Eligible Enterprise of the First Quarter of 2019	Grant	Yes
116	Trade Promotion Fund of 2019	Grant	Yes
117	Subsidy from Guangzhou Industry and Information Technology Bureau	Grant	Yes

**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 refer to **Appendix I-1 Company turnover.**

**I-2 Provision of goods at less than adequate remuneration**

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period? If yes, provide details.

**ANSWER:**

**No. KAE and any company/entity related to KAE did not receive any benefit under the above programs during the period.**

2. Describe the nature of your production process for the goods, including an itemised list of all raw materials used by your company in the process.

**ANSWER:**

Please refer to **Exhibit G-1.1 for Production Process.**

3. Complete the worksheet named "I-2 Raw Material Purchases" for your purchases of raw materials.

**ANSWER:**

Please refer to **Appendix G-7.4 Raw Material Purchases**.

4. Did your business receive any reduction/reduced price for the purchase of these goods during the review period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

**ANSWER:**

**KAE did not receive any reduction/reduced price for the purchase of these goods during the period.**

5. For all suppliers and manufacturers of raw materials listed "I-2 Raw Material Purchases", provide an explanation and any evidence to support your categorisation of whether the company is a State Invested Enterprise (SIE).

**ANSWER:**

**None of the suppliers and manufacturers of raw materials listed in "G-7.4 Raw material purchases" are SIEs. Please refer to Appendix G-7.4 Raw material purchases for detailed information.**

6. Provide copies of all contractual agreements that detail the obligations of the SIE and your business with reference to the granting and receipt of any assistance/benefits.

**ANSWER:**

**None of the suppliers and manufacturers of raw materials listed in "Appendix G-7.4 Raw material purchases" are SIEs. Please refer to Appendix G-7.4 Raw material purchases for detailed information.**

7. If your business purchased imported raw materials, explain the reason/s for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

**ANSWER:**

**During the period, KAE imported aluminium ingot to produce the subject goods. The information required has been provided as Appendix G-7.4 Raw Material Purchases. Some of KAE's clients require KAE to use aluminium ingots produced from hydroelectric power as raw materials for finished products due to carbon emission concerns, and domestic electricity is mixed with thermal power, hence the imported ingots purchased by KAE.**

### **I-3 Preferential tax policies**

1. Complete the worksheet named "I-3 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 refer to **Appendix I-3 Income Tax**.

**PUBLIC RECORD**

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 refer to Exhibit I-3.2 for the annual tax return for year of 2019, 2020 and 2021.**

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:**

**Please refer to Exhibit I-3.3 for the tax payment proof of KAE over the last three financial years.**

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 enterprises in China during the review period was 25%.**

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?

**ANSWER:**

**The income tax rate applied to KAE was 15% during the review period.**

- (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?

**ANSWER:**

**The tax rate of 15% is related to Program 47, Preferential tax policies for high and new technology enterprises.**

- (c) What is the name of the program?

**ANSWER:**

**The Name of the Program is "Preferential tax policies for high and new technology enterprises".**

- (d) What is the name of the authority granting your company the reduced tax rate?

**ANSWER:**

**The authority granting KAE the reduced tax rate is State Taxation Administration.**

- (e) What is the eligibility criteria to benefit from the reduced tax rate?

**ANSWER:**

The eligibility criteria to benefit from the reduced tax rate is that the enterprise should be recognized as a high and new technology enterprise.

- (f) Provide details of the application process

**ANSWER:**

Once the enterprise is recognized as a high and new technology enterprise, it can obtain a preferential income tax rate.

- (g) Provide a copy of the blank application form. If the documents are not in English, please provide a translation of the documents.

**ANSWER:**

As a recognised high and new technology enterprise, it is not required to file an application form to obtain the preferential income tax rate. According to Article 4 of Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences that effected on April 25, 2018, *“Enterprises shall adopt the handling methods of “making independent judgment, declaring for enjoyment and retaining the relevant materials for future reference” when enjoying EIT Preferences. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it meets the conditions required for EIT Preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalog, and enjoy tax incentives by filing enterprise income tax returns.”*

- (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.

**ANSWER:**

As a recognised high and new technology enterprise, it is not required to file an application form to obtain the preferential income tax rate. According to Article 4 of Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences that effected on April 25, 2018, *“Enterprises shall adopt the handling methods of “making independent judgment, declaring for enjoyment and retaining the relevant materials for future reference” when enjoying EIT Preferences. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it meets the conditions required for EIT Preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalog, and enjoy tax incentives by filing enterprise income tax returns.”*

- (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.

**ANSWER:**

**The certificate for high and new technology enterprise is an approval document to certify that the company is qualified for applying the preferential income tax rate 15%. Please see Exhibit I-3.5.i for the certificate.**

- (j) Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer:**

**No fees were charged to, and no expenses were incurred.**

## **I-4 Financial grants**

1. Complete the worksheet named "I-4 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:**

**Please refer to Appendix I-4 Grant.**

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 refer to KAE's non-operating income and/or other business income ledgers/subledgers extracted directly from KAE's accounting system for 2019, 2020 2021 and the period in Exhibit I-4.2.**

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.

**ANSWER:**

**Yes, KAE received some grants listed in the Programs Table during the period plus the two preceding years. Please refer to Appendix I-4 for the requested information.**

- (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:**

**Yes. Please refer to Appendix I-4 Grant for the detailed information.**

4. For each of the grants listed in I-4.3:  
(a) What is the name of the grant?

**ANSWER:**

Please refer to Appendix I-4 Grant for the names of the grants that KAE received during the period.

- (b) What is the name of the authority providing the grant?

**ANSWER:**

Please refer to Appendix I-4 Grant for the names of the authority providing the grants.

- (c) What is the eligibility criteria to receive the grant?

**ANSWER:**

Most of the grants were related to the research and development, environmental protection and energy saving.

- (d) Is the grant directly related to the goods under consideration, export sales to Australia and/or export sales generally?

**ANSWER:**

The grants are not directly related to the goods under consideration, export sales to Australia and/or export sales. On the contrary, all the grants received by KAE are for the whole company. Most of the grants were related to the research and development, environmental protection and energy saving.

- (e) Provide details of the application process.

**ANSWER:**

KAE received these grants through a simple written application and approval procedure, and there was even no application for some grants where the amount is so small.

- (f) Provide a copy of the blank application from. If the documents are not in English, please provide a translation of the documents.

**ANSWER:**

KAE received these grants through a simple written application and approval procedure, and there was even no application for some grants where the amount is so small. Therefore, the company does not keep the blank application forms.

- (g) Provide a copy of your company's completed application from, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

**ANSWER:**

The applications, if any, were submitted to the relevant government authorities and KAE usually did not maintain the copies of these applications.

- (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.

**ANSWER:**

**The company does not receive confirmations or other correspondences from the authority approving the grants.**

- (i) Provide proof of payment of your company receiving the grant (e.g. bank statements).

**ANSWER:**

**Please kindly refer to the proof of payment of KAE receiving the grants in Exhibit I-4.4.i.**

- (j) Provide a copy of the accounting journal entries relating to the grant.

**ANSWER:**

**All grants were accounted as non-operating income on KAE's financial statements. Please kindly refer to Exhibit H-4.4.j for the accounting journal entries relating to the grants.**

- (k) Outline the fees charged to, or expenses incurred by your business for purposes of receiving the grant.

**ANSWER:**

**No fees were charged and no expenses were incurred.**

## **I-5 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:**

**The production facilities, sales offices and the place of operations of KAE are located in Guangdong Province.**

**The affiliates exporters KHK and HYHK are located in Hongkong.**

2. Are you aware of any programs of the GOC, 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:**

**KAE is not 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.**



**The questions below are not applicable.**

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

**ANSWER:**

**Not applicable. KAE is not 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.**

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

**ANSWER:**

**KAE is not 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.**

**The questions below are 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 GOC 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.

## **PUBLIC RECORD**

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

### 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;

**ANSWER:**

The market in China is generally stable. The fast development new energy automobile industry brought a big market opportunity to KAE for its high-quality/high-end aluminium products. It pushed up KAE's sales to [Commercially Sensitive Information: description of market situation].

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

**ANSWER:**

In China, the demand sources for KAE may differ from those for other companies because KAE is well known for its ability to produce and supply aluminium extrusion for electronic, automobile and other "high-end" industries. Multiple industries demand aluminium extrusions. However, KAE's domestic sales, unlike its export sales, focus on high-end markets, e.g., the electronic industry, automobile industry, public transportation equipment industry, etc.

To be more specific, for domestic sales, the demands were mainly from fabricators and assemblers. Therefore KAE was referred to as a second-tier or third-tier supplier rather than a first-tier supplier which directly deals with end-user.

The above being said, for foreign markets, including Australian markets, the sources of demand for KAE's goods are for [Commercially Sensitive Information: product categorie ].

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

**ANSWER:**

A rough estimate is that [Commercially Sensitive Information: market situation].

[Commercially Sensitive Information: market situation].

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

**ANSWER:**

From KAE's point of view, the COVID-19 pandemic over the last few years pushed up the need for consumer electronic products. China's fast development of the electric

**automobile industry also brings significant demand for KAE's products.**

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

**ANSWER:**

**Aluminium extrusions are used in many industrial fields, and as the products are used all over China, KAE has no idea whether there is any geographic segmentation in China. However, KAE believes that there are big differences in the standards, designs, product specifications, and categories for aluminium extrusion for different usages or, in other words, market segmentation.**

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

**ANSWER:**

**While KAE is not able to give an estimate on the proportion of sales revenue from each of the market segments for whole market, for KAE itself, as it is a company focus on high-end products on Chinese market, [Commercially Sensitive Information: market situation].**

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

**ANSWER:**

**Because KAE does not have any imports, it is not in a position to make such judgement/description.**

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

**ANSWER:**

**Usually, KAE directly reached out to potential customers, makes the negotiations and reaches agreements and then makes sales. The company does not resort to a distribution system or sales agent.**

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

**ANSWER:**

**Chinese aluminium extrusion market is a total free market with adequate competitions, there's no government intervention.**

*Provide documentary evidence to support the responses made to questions J-1.1(a) to J-1.1(i) inclusive.*

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:**

Generally speaking, aluminium extrusion industry and the aluminium extrusion market is composed by raw material suppliers, producers, fabricators, sellers/distributors, the same as other industry and market.

**[Commercially Sensitive Information: market situation]. KAE does not resort to a distribution system but directly deal with customers.**

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:**

**As described above, KAE has a relevantly special niche market, i.e., focuses on producing and selling of high-end products on Chinese market, it has not much information on the other market participants.**

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:**

**As KAE does no imports and its products are kind of special, it has not much information on the significant importers in the Chinese market for the goods.**

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:**

**As a company operates in this industry for a long time, it is KAE's understanding that the company comply with all the laws, regulations on competition, taxation, product standards. Also, it is KAE's believe that aluminium extrusion manufacture and sales is an ordinary business without special government attention or intervention.**

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).

**ANSWER:**

**Aluminium extrusion is an ordinary business in Chinese and there are adequate of competitions, KAE does not think there is any entry restriction for new participants into the Chinese market.**

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

## **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:**

**Aluminium extrusion products include multiple sub-categories for different purposes of use, for example, extrusions for construction/housing (window and door frame), for electronic industrials (shell of electronic devices, parts), for automobiles (structures, parts) and for other purposes (e.g., medical equipment, rail transportation equipment and for other industrial “high-end” products).**

**KAE claims that different categories of aluminium extrusions have very different characters with respect to the above listed factors, e.g., much higher quality standards apply for the “high-end” products, the prices as well as profit of which are much higher than ordinary goods (window or door frame, for example). Because of the much higher technical and quality standard, the requirement on the high-quality raw materials/semi-finished products, the high-end products can only be produced by certain producers, thus there obviously are different in supply/availability for different types of goods. Likely, the requirement for technical support is much higher for high-end products, together with the restrict requirement on quality consistence.**

**KAE’s high-end products include all its products for electronic industry, automobile industry. In addition to these two general categories, KAE’s products use on medical equipment, railway transportation and certain industrial products are also high-end products.**

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

### **ANSWER:**

**Aluminium extrusions produced and sold on Chinese market by KAE are used by electronic industry, automobile industry and other industries (including constructions, medicals, rail transportation and other industrial sectors). As discussed above, KAE focuses on high-end products 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:**

**Chinese customers take the KAE’s ability to supply high-quality/high-end Aluminium**

extrusions as the key consideration of purchase. In more general way, KAE believes below factors will influence the purchasing decisions of its customers, the first is quality, the second is timely delivery of goods, the third is price and the fourth is the overall recognition/fame/history of the company by the industry.

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

**ANSWER:**

**KAE does not think there is any commercially significant market substitute for this specific metal or the alloys.**

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

**ANSWER:**

**KAE does not think there is any commercially significant market complement in the Chinese market for the goods.**

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

**ANSWER:**

**KAE does not think a simple answer can be given for the aluminium extrusions as a whole. But for KAE's products, they were benefited from a change of customer preferences on electronic products as well as automobiles, i.e., modern and simple in design and environment friendly, therefore more often aluminium extrusion was chosen as raw materials, also there's a market performance of superior, higher strength raw materials.**

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

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

*In responding to question 1 please provide evidence supporting calculations.*

**ANSWER:**

**(1) The proportion of KAE's sales revenue derived from sales of the goods in China is [Commercially Sensitive Information: proportion].**

**(2) The proportion of KAE's profit derived from sales of the goods in China is [Commercially Sensitive Information: proportion].**

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:**

**Yes, KAE is the price leader for the high-end products 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.

**ANSWER:**

**KAE's pricing approach is basically a cost-oriented one, i.e., the company considers the cost of raw materials, the premiums, the technical requirements and other factors which may influence the cost of manufacture.**

4. Explain the process for how the selling prices of the goods for the Chinese market by your business are determined.

**ANSWER:**

**In setting up selling prices on Chinese market, KAE mainly considers the cost of raw materials, the premiums, the technical requirements and other factors which may influence the cost of manufacture. The company will calculate cost for each order and set up prices thereon.**

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:**

**In general, the price is negotiated for each single transaction in considering the transaction-specific terms and conditions, i.e., individual evaluations are needed for different transactions.**

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

**ANSWER:**

**KAE's ranking would be:**

**(1) Costs of raw materials;**



- (2) **Manufacture costs;**
- (3) **Expectation on profit;**
- (4) **Quantity ordered;**
- (5) **Value of the order;**
- (6) **Quantity of future orders;**
- (7) **Value of future orders;**
- (8) **Prices of competitors;**
- (9) **Other considerations, such as, customer relationship, relationship with suppliers, stocks, brand, etc.**

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

**ANSWER:**

**The selling prices and costs to make and sell have direct relationship, the method to set up sales price is added premiums and processing fees on top of metal costs. Yes, KAE would maintain a desired profit margin for the goods.**

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.

**ANSWER:**

**KAE did not offer any price reductions in the Chinese market during the period.**

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.

**ANSWER:**

**No, KAE does not offer bundled pricing in the Chinese market.**

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.

**ANSWER:**

**Yes, if the quantity order is large a lower price maybe granted.**

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:**

**Yes, KAE uses sales contracts in the Chinese market. All sales revenue come from contracted sales.**

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

**ANSWER:**

**In general, no exclusivity contract is offered by KAE.**

- (c) How frequently are sales contracts renegotiated?

**ANSWER:**

**There won't be any renegotiation after the sales contract is signed, except for that there is huge change in raw material price.**

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

**ANSWER:**

**KAE negotiates with customers about prices transaction by transaction.**

- (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:**

**There won't be any renegotiation after the sales contract is signed, except for that there is huge change in raw material price.**

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

**ANSWER:**

**Yes, if there is a big change of raw material price, and therefore the costs to make and sell varies to certain extent, there if a possibility to review price.**

- (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:**

**All domestic customers have contracts with KAE, for the list of customers during the investigation period, please see Appendix D-2.**

**Please see Exhibit J-3.11.(g) for the two purchase orders, please note that during the investigation period, KAE used frame sales contract with customers, there were no specific quantities on the frame contract, therefore KAE provide hereby the contract covering the two largest sales purchase orders during the period.**

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

**ANSWER:**

**KAE does not use price list in their sales in the Chinese market.**

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.

**ANSWER:**

The overall costs are major consideration behind pricing. The differences on cost are not only because of the raw materials prices and the metal premiums, but also the processing costs – high-end product usually means special alloy (sometimes customized alloy) and high purity of ingot and casting billet, more processing (cutting into much smaller pieces, with fabricating including laser marking, CNC machining etc.), much lower extrusion speed, lower yield rate because of the high-quality standard, higher defect ratio, therefore the overall costs could be high.

The costs and prices are usually determined by each specific products rather than a group of products, i.e., the company does not group products for pricing purpose.

As explained above, the company take a cost-based approach in its pricing, and they have cost calculations before set up prices, therefore the cost differences will be reflected in the pricing decisions.

[Commercially Sensitive Information: description of ordinary and high-end goods]

Although the costs for high-end products are high, they bring in more profits because the prices are even higher, because of lesser competitions and the stronger negotiation power of producer.

During the investigation period, KAE did not export to Australia any high-end products but only “ordinary goods”, on the other hand, most majority products KAE sold on the Chinese market are high-end products with much higher profit. Therefore, KAE claims, again, to not include such high-end products sold on domestic market in the Commission’s calculation of profit margin for purpose of constructing the normal value. This is also a practice accepted by the Commission in cases No. 392, 482 (after ADRP so requested in its decision No. 104) and 543.

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.

**ANSWER:**

KAE classifies [its Chinese customers in terms of the products categories ordered, e.g., products for electronic products, automobiles and for others, rather than in terms of pricing. In general. In case the production capacity is limited, priority will be given to customers who order high-end products.]

For factors that influence pricing differentiation and how cost to make and selling costs are considered in making pricing decisions, please see our answer to question J-

**3.14, above. However, as explained above, the pricing is generally made on transaction by transaction basis rather than making for different tiers or segments.**

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.

**ANSWER:**

**Yes.**

**[Commercially Sensitive Information: related sales information].**

*Where possible, provide copies of internal documents which support your claims in response to questions J-3.1(a) to J-3.15 inclusive.*

#### **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:**

**KAE takes part in exhibitions in the Chinese markets. KAE uses the slogan “Leader of Aluminium Extrusion” in the product catalogue.**

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

**ANSWER:**

**KAE does not have brand segmentations but has only one brand in the Chinese market, Kam Kiu (“金桥”).**

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

**ANSWER:**

**KAE takes part in exhibitions in the Chinese markets. KAE uses the slogan “Leader of Aluminium Extrusion” in the product catalogue.**

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:**

**Ten people in the Chinese market sales team are located at KAE’s address. They are offered performance pay based on sales, a higher salary for a higher amount of sales and a lower salary for a lower amount of sales.**

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:**

**Ten people in the Chinese market sales team are located at KAE's address. They are offered performance pay based on sales, a higher salary for a higher amount of sales and a lower salary for a lower amount of sales.**

## **EXPORTER'S DECLARATION**

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

**Name** :.....

**Signature** :.....

**Position in**

**Company** :.....

**Date** :.....

## APPENDIX

# GLOSSARY OF TERMS

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

### **Adjustments**

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

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

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

### **Arms length**

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

### **Constructed value**

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

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

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

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

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

### **Country of origin**

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

### **Date of sale**

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

**Direct labour cost**

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

**Dumping**

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

**Dumping margin**

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

**Export price**

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

**Exporting country**

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

**Factory overheads**

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

**Goods under consideration (the goods)**

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

**Incoterms**

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

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



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

### The period

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

### Like goods

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

### Normal value

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

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

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

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

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

### Ordinary course of trade

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

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

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient

number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

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

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

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

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