



Exporter Questionnaire

Product: White uncoated A4 and A3 cut sheet paper (copy paper)

From: The People's Republic of China

Period of Investigation: 1 July 2012 to 30 June 2013

Response due by: 20 November 2013

Investigation case manager: Michelle Gibson

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

Return completed questionnaire to: Anti-Dumping Commission
Customs House
5 Constitution Avenue
Canberra ACT 2601

Attention: Director Operations 2

GOODS UNDER CONSIDERATION

The goods under consideration (the goods) ie the goods exported to Australia, allegedly at dumped prices are:

Uncoated white paper of a type used for writing, printing or other graphic purposes, in the nominal basis weight range of 70 to 100 gsm and cut to sheets of metric sizes A4 (210mm x 297mm) and A3 (297mm x 420mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper).

The paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from pulp obtained by a mechanical or chemi-mechanical process and/or from recycled pulp.

For the purposes of this questionnaire, the term ‘copy paper’ will be used when referring to the goods.

SECTION A COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Answer:

***Head Office:* Shandong Sun Paper Industry Joint Stock Co., Ltd. (thereafter “Sun Paper Industry”)**

Name: Zongliang Wang

Position in the company: Chief Economist

Address: No.1 Youyi Rd. Yanzhou, Shandong, China 272100

Telephone: +86 10 537 7928707

Facsimile number: +86 10 537 7928707

E-mail address of contact person: wzl@sunpaper.cn

***Factory:* Yanzhou Zhongtian Paper Industry Co., Ltd.**

Address: No.1 Youyi Rd. Yanzhou, Shandong, China 272100

Telephone: +86 10 537 7928707

Facsimile number: +86 10 537 7928707

E-mail address of contact person: wzl@sunpaper.cn

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Answer:

Name: Beijing Guantao Law Firm

Address: 17/F, Tower 2, Yingtai Center, No.28 Finance Street, Xicheng District, Beijing 100033, China

Telephone: 8610 66578066

Facsimile/Telex number: 8610 66578016

E-mail address of contact person:shenqian@guantao.comxurongyuan@guantao.com

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (e.g.company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

Answer:

The legal name is Yanzhou Zhongtian Paper Industry Co., Ltd. (hereinafter referred to as Zhongtian Paper) and it is a privately owned limited liability company. It did not use other names.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

Answer:

The principal shareholders are [] and [] each holding []% and []% of the shares.

【This information deleted reveals the company's shareholder and their investment into the company which is not publicly available; Disclosure of such information will cause harm to the company, and therefore we apply to keep the information non-disclosed.】

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

Please refer to Annex A-3.2 Company Shareholders of Zhongtian Paper; Annex A-3.2 Company Shareholders of Sun Paper HK.

【This Annex reveals the company’s shareholder and their investment into the company which is not publicly available; Disclosure of such information will cause harm to the company, and therefore we apply to keep the information non-disclosed.】

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

See Annex A-3.2 Company Shareholders of Zhongtian Paper; Annex A-3.2 Company Shareholders of Sun Paper HK.

【This Annex reveals the company’s shareholder and their investment into the company which is not publicly available; Disclosure of such information will cause harm to the company, and therefore we apply to keep the information non-disclosed.】

5. Provide a diagram showing all associated or affiliated companies and your company’s place within that corporate structure.

Answer:

See Annex A-3.5 Corporate Structure-Subsidiaries & Affiliates. The companies listed in annex A-3.5 is defined as “Sun Paper Group” thereafter.

【This is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide the Company’s competitors with insights into the Company’s commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

Answer:

Not applicable, as no management fees or corporate allocations charged to Zhongtian Paper.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

Answer:

Zhongtian Paper is engaging in []. Zhongtian Paper is a producer.

【Non-confidential summaries: This information deleted involves the information of business scope which is not publicly available and not possible to summarize; Disclosure of such information will cause harm to the company, therefore we apply to keep the information non-disclosed.】

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

Answer:

Zhongtian Paper manufactures the products concerned and also sells the products concerned to the distributors in the domestic market. All the export sales to Australia are through Sun Paper (Hong Kong) Company Limited (hereinafter referred to as Sun Paper HK).

[]

【Non-confidential summaries: This information deleted involves the operational information of the company which is not publicly available and not possible to summarize; Disclosure of such information will cause harm to the company, therefore we apply to keep the information non-disclosed.】

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Answer:

See **AnnexA-3.9 Corporate Organization Chart.**

The General Manager under the direction of Board of Directors is in charge of Deputy General Manager, Chief Economist, Chief Engineer and Chief Financial Officer who are responsible for the following departments:

The department of Technology is responsible for technological processes and develop new products;

The department of Accounting is responsible for financial accounting, investment and finance;

The department of Sales is responsible for marketing and sales;

The department of Environment and Energy is responsible for protecting environment and saving energy;

The department of Warehouse is responsible for records and management of products;

The department of Purchase is responsible for purchasing raw materials;

The department of IT is responsible for information and computer technology;

The department of Logistics is responsible for distribution management;

The department of Administration is responsible for recruitment and daily administration.

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Answer:

See **Annex A-3.10 Audit Report of Zhongtian Paper-2012; Annex A-3.10 Audit Report of Sun Paper HK-2012.** Zhongtian Paper does not have any relevant brochures or pamphlets on business activities.

【Non-confidential summaries: These Annexes involves the financial and investment information of the company which is not publicly available and not possible to summarize; Disclosure of such information will cause harm to Zhongtian Paper, therefore we apply to keep the information non-disclosed.】

A-4 General accounting/administration information

1. Indicate your accounting period.

Answer:

The accounting period of Zhongtian Paper is from 1st January to 31st December.

2. Indicate the address where the company's financial records are held.

Answer:

The financial records are held at the head office, e.g. the premise of Sun Paper Industry.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

Answer:

See **Annex A-4.3.1 Chart of Accounts of Zhongtian Paper**; Annex A-4.3.1 Chart of Accounts of Sun Paper HK, **Annex A-4.3.2 Audit Financial Statements of Zhongtian Paper for 2011 and 2012**; Annex A-4.3.2 Audit Financial Statements of Sun Paper HK for 2011 and 2012, **Annex A-4.3.3 Monthly Financial Statements of Zhongtian Paper**; Annex A-4.3.3 **Monthly Financial Statements of Sun Paper HK**.

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4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Answer:

Not applicable as the accounts are audited.

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

Answer:

The accounting practices are the same with the generally accepted accounting principles in the People's Republic of China.

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

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

Answer:

Inventory mainly includes raw material, self-made semi-product and finished goods etc. The inventory is valued in accordance with actual cost when purchased, and the inventory cost includes procurement cost, processing cost and other costs. Raw material is measured as planned cost, and the difference between the planned costs and actual cost is measured by cost difference. Cost difference undertaken by material delivered is periodically carryforward, with the planned cost being adjusted into actual cost, and other inventory is priced by weighted average method when purchased and delivered.

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

Answer:

The raw materials consumed by different products are allocated by the sales revenue of each month, and the manufacturing overhead and other shared expenses are allocated by the production quantities of each product, which is by tonnes.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Answer:

Only little damaged or sub-standards goods generated at the production stage and such goods will be recycled as materials in the production.

- valuation methods for scrap, by products, or joint products;

Answer:

Not applicable. No scrap or by products in the manufacturing processes.

- valuation and revaluation methods for fixed assets;

Answer:

The fixed assets are initially measured subject to cost and taking into account potential disposal fees. From the second month after the fixed asset reached predictable use status, impairment shall be made during its use age by annual average method.

- average useful life for each class of production equipment and depreciation method and rate used for each;

Answer:

Category	Depreciation years	Salvage rate (%)	Annual depreciation rate (%)
Buildings	30	10	3.00
Machinery & Equipmen	15	10	6.00
Transportation	8	10	11.25
Electronic device & others	8	10	11.25

- treatment of foreign exchange gains and losses arising from transactions;

Answer:

The foreign currency transaction is converted into amount in functional currency during the original confirmation and subject to the spot rate (usually the mid price of the exchange rate published by the Central Bank of China, bearing the same meaning hereinafter). Regarding the business of foreign currency exchange or business involving foreign currency exchange, the Company converts the amount in functional currency using factually applied exchange rate.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

Answer:

Balance Sheet Date, foreign currency monetary projects are converted using spot rate of the balance sheet date, and the difference due to exchange shall be recorded as current loss/income. Notwithstanding the above, the difference arising from the foreign currency specific loan related to purchased/construction assets that meet capitalism conditions shall be processed on capitalized loan fee basis; and the difference arising from changes of other booking balance of foreign currency monetary projects for sale, diminishing cost, shall be recorded as other comprehensive income.

- inclusion of general expenses and/or interest;

Answer:

General expenses and interest are accrued when occurred.

- provisions for bad or doubtful debts;

Answer:

Zhongtian Paper undertakes independent impairment test based on three ways (1) account receivable bad debt reserves with single significant amount; The Company confirmed the receivable with an amount over 5 million RMB as account receivable with single significant amount; (2) accounting method for bad debt determined by credit risk portfolio;(3) account receivable of no significant single amount but independently recorded bad debt.

- expenses for idle equipment and/or plant shut-downs;

Answer:

Not applicable.

- costs of plant closure;

Answer:

Not applicable.

- restructuring costs;

Answer:

Not applicable.

- by-products and scrap materials resulting from your company's production process;
and

Answer:

Not applicable.

- effects of inflation on financial statement information.

Answer:

Not applicable.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

Answer:

Not applicable. There is no change of accounting method in the last two years.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('*goods under consideration*' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information on a spreadsheet named "**Income statement**".

Answer:

See **Annex A-5 Income Statement of Zhongtian Paper; Annex A-5 Income Statement of Sun Paper HK.**

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A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

Answer:

See **Annex A-6 Turnover-Zhongtian Paper; Annex A-6 Turnover-Sun Paper HK.**

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thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

SECTION B SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the investigation period.*

The invoice date will normally be taken to be the date of sale. If you consider:

*the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;
an alternative date should be used when comparing export and domestic prices*

*You **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

Answer:

[]

Name: []

Address:[]

Trade level: Distributor.

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B-2 For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

Answer:

Please refer to **Annex B-2 Flow Chart of Export Sales Process.**

【Non-confidential summaries: This Annex involves the sales information of the company which is not publicly available; Disclosure of such information will cause harm to the company, therefore we apply to keep the information non-disclosed.】

- (b) Identify each party in the distribution chain (including agents) and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Answer:

As elaborated above, for export sales, Sun Paper HK first procures the main raw materials – pulp from overseas, and delivers to Zhongtian Paper for further processing. Once the products concerned are completed, Zhongtian Paper will first sell to Sun Paper HK, and Sun Paper HK will sell the products concerned to the overseas clients.

But Sun Paper HK only processes the related documents on the above mentioned processes. The raw materials and the complete products concerned are actually delivered to or delivered by Zhongtian Paper.

[] acts as the sole sales agent of Zhongtian Paper and Sun Paper HK on the export sales to Australia. All the products concerned and the related exporting documents are processed by Zhongtian Paper. [] charges [] fees top on the export price. Zhongtian Paper knows the clients and the selling price to the Australia client.

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The commission is not applicable.

- (c) Explain who Where commissions are not paid, describe how the costs of the party are covered retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

Answer:

The deliver terms are CIF, the payments of the export sales to Australia are TT or LC Sight, and the payments are made by [] to Sun Paper HK. Sun Paper HK will pay Zhongtian Paper the processing fees accordingly.

【The information deleted is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper's competitors with insights into Zhongtian Paper's commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

Answer:

Not applicable.

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

Answer:

The deliver terms are CIF, the payments of the export sales to Australia are TT or LC Sight, and the payments are made by [] to Sun Paper HK. Sun Paper HK will pay Zhongtian Paper the processing fees accordingly.

【The information deleted is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper's competitors with insights into Zhongtian Paper's commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

Answer:

Not applicable.

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

Answer:

Not applicable.

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

Not applicable.

- B-4** Prepare a spreadsheet named “Australian sales” listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period. You must provide this list in electronic format. Include the following export related information:

Answer:

See **Annex B-4 Australian Sales.**

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- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see “other factors”

in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

Answer:

Not applicable.

B-6 For each type of discount, rebate, allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

Answer:

Not applicable

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

Answer:

Not applicable.

B-8 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. For example:

Answer:

Not applicable.

B-9 Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Answer:

See **Annex B-9 Sample Transaction Documents of Exports to Australia.**

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SECTION C

EXPORTED GOODS & LIKE GOODS

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

Answer:

Zhongtian Paper does not see any differences for the products concerned exported to Australia and for domestic sales.

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

Answer:

See **Annex B-4 Australian sales**.

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C-3 If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically;

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

Answer:

Not applicable.

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Answer:

Not applicable. Zhongtian Paper does not see any differences for the products concerned exported to Australia and for domestic sales.

SECTION D DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –

*You **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

Answer:

See **Annex D-1 Flow Chart of Domestic Sales.**

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D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

Not applicable. As all the products concerned are sold to the distributors.

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

Answer:

At the beginning of each month, Zhongtian Paper as the seller and domestic distributors as the buyer will negotiate and determine the sales price in the current month according to the market price. And then both parties will enter into the Sales Contract in which the brand, specifications, weight, quantity and delivery of the goods are stipulated.

The goods are transferred at the seller and the buyer shall bear the transportation Expenses. The invoices will be issued by the seller in the current month according to monthly delivery under the Sales Contract. And the payment will be made by bank acceptance under the Sales Contract. The date for such payment is subject to the negotiation by both parties.

D-4 Prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Answer:

See Annex D-4 Domestic sales.

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D-5 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-4 above add a column for each item (see “other factors”). For example, certain other selling expenses incurred.

Answer:

Not applicable.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

Answer:

Not applicable.

D-7 Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those

two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

Answer:

See **Annex D-7 Sample Supporting Documents on Domestic sales.**

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SECTION E FAIR COMPARISON

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, ‘**Australian sales**’)

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale (“**Inland transportation costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Answer:

For export sales, the transportation expenses are recorded on the actual basis.

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

Answer:

For export sales, the handling expenses are recorded on the actual basis.

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

Answer:

Not applicable. All the payments for export sales to Australia are L/C at sight or TT.

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

Answer:

The packing cost is calculated as:

The packing materials consumed during POI/production quantity of the department manufacturing the product concerned.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

Answer:

Not applicable.

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Answer:

Not applicable.

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

Answer:

Not applicable.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

Answer:

Not applicable.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, “**domestic sales**”)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

Answer:

Not Applicable as the goods under consideration are the same as sold in domestic market.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or

- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: “*Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs*”

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Answer:

Not applicable.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions:* the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

Answer:

Not applicable.

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or

- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system¹, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable.

(It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

¹Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

2. Calculate the average credit period

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

Answer:

The credit expenses are calculated as:

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【This is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper’s competitors with insights into Zhongtian Paper’s commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

5. **Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales (“**Inland transportation Costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

Answer:

Not applicable. As for all the domestic sales, the distributors will pick up the products concerned at the factory of Zhongtian Paper.

6. **Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified (“**Handling, loading and ancillary Expenses**”). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

Answer:

Not applicable as the distributors will pick up the goods at Zhongtian Paper’s own factory.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed “**Packing**”.

Answer:

The unit packing expenses=packing materials consumed during POI/Production quantities.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

Answer:

Not applicable.

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Answer:

Not applicable.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

Answer:

Not applicable.

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or

- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

Answer:

Not applicable.

SECTION F
EXPORT SALES TO COUNTRIES OTHER THAN
AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Answer:

Please refer to **Annex F-1 Third Country Sales**.

【This is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper's competitors with insights into Zhongtian Paper's commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

Answer:

Not applicable as no such difference is existed.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

G-1. Production process and capacity

1. Describe the production process for the goods. 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:

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G-2. Provide information about your company's total production in the following table:

Provide this information on a spreadsheet named "**Production**".

Answer:

See Annex G-2 Production.

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G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

Answer:

Not applicable as Zhongtian Paper and Sun Paper HK adopt actual cost method.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Answer:

Not applicable as Zhongtian Paper and Sun Paper HK adopt actual cost method.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

Answer:

Not applicable.

4. Describe the profit/cost centres in your company's cost accounting system.

Answer:

Zhongtian Paper and Sun Paper HK do not adopt profit/cost centre. All the costs are aggregated and allocated on certain allocation basis.

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Answer:

Zhongtian Paper and Sun Paper HK do not adopt profit/cost centre. All the capital expenditure and other development costs are allocated on the production quantities.

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

Answer:

Zhongtian Paper records the cost of production of the products concerned by brands, and the production costs and the selling price of different brands are mainly determined by white degree.

- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

Answer:

No differences in production costs for cost accounting purposes and financial accounting purposes.

- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Answer:

Not applicable.

- 9 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:

Not applicable.

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Answer:

Please refer to Annex G-4.1 Domestic CTMS.

² The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

³ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

【This is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper's competitors with insights into Zhongtian Paper's commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Answer:

Please refer to **Annex G-4. 2 Supporting Documents for Calculation of Cost of Production.**

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【Non-confidential summaries: This Annex and information deleted involves the production cost information of the company which is not publicly available; Disclosure of such information will cause harm to the company, therefore we apply to keep the information non-disclosed.】

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

Prepare this information in a spreadsheet named "**Australian CTMS**".

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

Answer:

Please refer to **Annex G-5 Australian CTMS.**

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【This is highly sensitive commercial information, which cannot be provided in the non-confidential summary. Disclosure of such confidential information could provide Zhongtian Paper's competitors with insights into Zhongtian Paper's commercial strategy thereby posing a serious threat to the commercial interests of the company. This information has been provided to the Authority in the confidential response.】

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Answer:

Not applicable.

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Answer:

Not applicable.

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

Answer:

The major raw material is pulp which is purchased from domestic market and international market. The cost of raw materials will be accounted in accordance with their actual costs.

SECTION I CHECKLIST

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

Section	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	
TURNOVER – sales summary	
AUSTRALIAN SALES – list of sales to Australia	
DOMESTIC SALES – list of all domestic sales of like goods	
THIRD COUNTRY – third country sales	
PRODUCTION – production figures	
DOMESTIC COSTS – costs of goods sold domestically	
AUSTRALIAN COSTS – costs of goods sold to Australia	