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Australian Government
Anti-Dumping Commission

Exporter Questionnaire

Product: Steel Reinforcing Bar

From: The People's Republic of China

Period of Investigation: 1 July 2014 to 30 June 2015

Response due by: 7 August 2015

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**Return completed
questionnaire to:**

Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001
AUSTRALIA

Attention: Director Operations 4

GOODS UNDER CONSIDERATION

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

“Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process.

The goods covered by this application include all steel reinforcing bar meeting the above description of the goods regardless of the particular grade or alloy content or coating.

Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.”

The goods are typically classified to the following Subheadings in Schedule 3 of the *Customs Tariff Act 1995*.

- Tariff subheading 7214.20.00 with statistical code 47
- Tariff subheading 7228.30.90 with statistical code 49 (as of 1 July 2015, statistical code 40)
- Tariff subheading 7213.10.00 with statistical code 42
- Tariff subheading 7227.90.10 with statistical code 69 and
- Tariff subheading 7227.90.90 with statistical codes 02 and 04.

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is responsible for investigating the allegation that steel reinforcing bar has been exported to Australia from the People's Republic of China (China) at prices less than their normal value and that the dumping has caused material injury to the Australian industry.

The Commission will use the information you provide to determine normal values and export prices over the investigation period. This information will determine whether steel reinforcing bars dumped. You may make separate submissions concerning any other matter, for example, injury.

The Commission's investigation will be carried out under the provisions of the Part XVB of the *Customs Act 1901*.

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 you uncooperative. In that case the Commission may be required to rely on information supplied by other parties (possibly information supplied by the Australian industry). In that case we may assess a dumping margin for your company based upon normal values that may be the highest determined in your country during the investigation period.

It is in your interest, therefore, to provide a complete and accurate submission, capable of verification.

Due date for response

Manufacturers and exporters are requested to respond to this questionnaire and return it to the Commission within the time specified on the cover page. There is a statutory time limit imposed for the investigation. The Commission may not be able to consider submissions received after the due date.

If you cannot lodge your submission by the due date please advise the investigation case manager as soon as possible.

Confidential and non-confidential submissions

You are required to lodge one confidential version (for official use only) and one non-confidential version (for public record) of your submission by the due date.

Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record.

Please note, Australia's anti-dumping legislation requires that to the extent that information given to the Commission is claimed to be confidential or whose publication would adversely affect a business or commercial interest, the person giving the information must ensure that a summary of that information contains sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

The legislation allows that 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. However, such a summary would add considerably to an interested party's understanding of information contained in a document.

As provided for in Australia's anti-dumping legislation, all submissions are required to have a bracketed explanation of deleted or blacked out information for the non-confidential version of the submission. Note that if such an explanation is not provided, the Commission may disregard the information in the submission. An example of a statement to accompany deleted/blacked out text is:

[explanation of cost allocation through the divisions].

If, for some reason, you cannot produce a non-confidential summary, please contact the investigation case manager.

Exporter's declaration

At section I, you are required to make a declaration that the information contained in your submission is complete and correct. Alternatively, if you did not export the goods during the period of investigation, you may make a declaration to that effect.

You must return a signed declaration with your response to the questionnaire.

Verification of the information that you supply

The Commission will seek to verify the information provided in your submission. Where there are a large number of exporters, the Commission may have to verify information from selected exporters only. The purpose of the visit is to verify the information submitted in response to this questionnaire. It 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 complete and accurate.

Verification visits take several days. We will want to examine in detail your company's records in respect of the goods and will ask for copies of documents relating to the manufacture and sale of the goods. We will need to consult with your staff, particularly your financial controller (or accountant) and your domestic and export sales people. We may also need to see your factory, in which case we will need to consult with your operational managers.

After gathering the information we will prepare a report of the visit. We will provide you with a draft of the report and then respond to any questions you have. We will ask you to prepare a non-confidential copy of the report for the public record.

If you do not manufacture the goods

You may export but not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods).

In such cases it is important that you forward a copy of this questionnaire to the relevant manufacturers **immediately**. You should also inform the investigation case officer of the contact details for these manufacturers.

You should complete those sections of the questionnaire that you are reasonably able to complete. If, for example, you are unable to supply details of production costs, you should clearly explain why the section does not apply to your company.

If you do not export the goods

Depending on the arrangement for sale of the goods to Australia through an intermediary, the Commission will have to determine who is the exporter of the goods for the purpose of this investigation.

In any case, information (such as cost of production data) supplied by the manufacturer will be relevant to establishing the normal value of the goods. In the absence of verified information, the Commission may use other available information. This information may result in a decision less favourable to your company.

Outline of information required by this questionnaire

- Section A** General information relating to your company including financial reports.
- Section B** A complete list of your company's exports to Australia over the investigation period.
- Section C** A list of goods sold on the domestic market of the country of export (like goods) that may be compared to the goods under consideration (the goods).
- Section D** A detailed list of all of your company's sales of like goods in your domestic market.
- Section E** Information to allow a fair comparison between export and domestic prices.
- Section F** Information in relation to your company's exports of like goods to countries other than Australia.
- Section G** Costs to make and sell, for exports to Australia and for the domestic market.
- Section H** Particular market situation
- Section I** Your declaration

Section J A checklist

Appendix 1 A glossary of terms used in this questionnaire

Some general instructions for preparing your response

- When answering the questionnaire please carefully read all instructions. The Commission requires a response to *all* sections of this questionnaire. Please provide an explanation if a question is not relevant to your situation.
- Answer questions in the order presented in the questionnaire. Please ensure that information submitted conforms to the requested format and is clearly labelled. Please repeat the question to which you are responding and place your answer below it.
- Identify source documents and advise where they are kept. During on-site verification you should be prepared to substantiate all the information you have submitted. Every part of the response should be traceable to company documents that are used in the ordinary course of business.
- We recommend that you retain all work sheets used in answering the questionnaire, in particular those linking the information supplied with management and accounting records. This will help us to verify the information.
- Clearly identify all units of measurement and currencies used. Apply the same measurement consistently throughout your response to the questionnaire.

Instructions on providing electronic data

- It is important that information is submitted in electronic format.
- Electronic data should be emailed or submitted on a CD-ROM, in IBM/MS-DOS format, or another operating system whose disk format is compatible with this MS-DOS version.
- The data must be created as spreadsheet files, preferably in Microsoft Excel, or alternatively in an Excel compatible format (for example, Excel can normally access data in Dbase or as an ASCII file).
- The Excel files must be compatible to the USA version.
- If you cannot present electronic data in the requested format contact the investigation case officer as soon as possible.

Further information

Before you respond to the questionnaire you should read all the documentation enclosed with this application including the applicant's non-confidential submission, the booklet *Australia's Anti-Dumping and Countervailing Administration* and the Anti-Dumping Notice notifying the initiation of the investigation. We also advise that you read the attached glossary of terms.

If you require further assistance, or you are having difficulties completing your submission, please contact the investigation case manager. The Commission will need to know the reasons.

**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:

Head Office:

Name:	Ms. RAN, Min
Position in the company:	Export Sales Manager
Address:	Shiheng, Feicheng, Taian, Shandong
Telephone:	+86 (538) 3693237
Facsimile number:	+86 (538) 3694098
E-mail address of contact person:	13562851180@139.com

Factory:

Address:	Shiheng, Feicheng, Taian, Shandong
Telephone:	+86 (538) 3693237
Facsimile number:	+86 (538) 3694098
E-mail address of contact person:	13562851180@139.com

This questionnaire response is completed by Shandong Shiheng Special Steel Group Co., Ltd. (“Shiheng Steel”) and its affiliated trading company Hong Kong Lutai Trading Co., Ltd. (“HK Lutai”) Shiheng Steel is an exporting producer of the goods under consideration (“GUC”). It produces, sells in the domestic market and exports to Australia and other third countries during the period of investigation (“POI”). With regard to the exportation to Australia, Shiheng Steel sells the GUC directly and also through affiliated HK Lutai to independent Australian importers. HK Lutai purchases the GUC and resells to overseas customers. Shiheng Steel negotiates the terms and conditions directly with the independent customers and HK Lutai is a shell in the exporting process. The goods is directly shipped from Shiheng Steel to the designated Australian ports.

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:

Name:	Mr. HU, Fumao (Marco HU)
Address:	Dacheng Law Offices, 7/F, Building D, Parkview Green FangCaoDi, No.9, Dongdaqiao Road, Chaoyang District, 100020, Beijing, China

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Telephone: +86 13520237767
Facsimile/Telex number: +86 (10) 5813 7788
E-mail address of contact person: fumao.hu@dachenglaw.com

Name: Mr John Bracic
Address: J. Bracic & Associates Pty Ltd,
PO Box 3026
Manuka, ACT 2603
Telephone: +61 499 056 729
E-mail address of contact person: john@jbracic.com.au

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

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

Response: The legal name of the company is Shandong Shiheng Special Steel Group Co., Ltd. The company is a limited liability company. No other business names are used to export and/or sell goods.

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, 5per cent or more of the maximum amount of votes that could be cast at a general meeting of your company).

Response: The owners are: [COFIDENTIAL: name of shareholders].

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

Response: The principal shareholders of [COFIDENTIAL: name of shareholders] are: [COFIDENTIAL: name of shareholders of the parent company].

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

Response: Not applicable.

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

Response: Please refer to [CONFIDENTIAL Exhibit A-3.5: Diagram of affiliated companies].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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

Response: No management fees/corporate allocations charged to my business by parent or related companies.

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

Response: The company is a producer of GUC, and also sells the goods in domestic market and exports to foreign markets including Australia by itself and through its affiliated trading company, namely HK Lutai.

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.

Response: The company performs all of the above functions in relation to the goods under consideration.

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

Response: Please refer to Exhibit A-3.9: Internal organization chart.

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

Response: Please refer to [CONFIDENTIAL Exhibit A-3.10.1: Audit report 2013 and 2014 of Shiheng Steel].

Please refer to [CONFIDENTIAL Exhibit A-3.10.2: Audit report 2013 and 2014 of HK Lutai]. The audit report of HK Lutai in 2014 hasn't been issued yet, and we provide the unaudited financial statement in 2014 instead.

[Information contained in the above exhibits cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

Please also refer to Exhibit A-3.10.3: Brochure.

A-4 General accounting/administration information

1. Indicate your accounting period.

Response: The accounting period is from January 1 to December 31.

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

Response: The financial records are held at the company's address as mentioned above.

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.

Response: Please refer to [**CONFIDENTIAL Exhibit A-4.3.1: Chart of accounts**].

Please refer to Exhibit A-3.10.1 as provided above for the requested audited financial statements in 2013 and 2014. Please refer to [**CONFIDENTIAL Exhibit A-4.3.2: Financial statements June 2015 of Shiheng Steel**], and [**CONFIDENTIAL Exhibit A-4.3.3: Financial statements June 2015 of HK Lutai**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: Not applicable.

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

Response: There's no difference between the accounting practices of Shiheng Steel and the generally accepted accounting principles in 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 (eg last in first out –LIFO, first in first out- FIFO, weighted average);
- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);
- valuation methods for damaged or sub-standard goods generated at the various stages of production;
- valuation methods for scrap, by products, or joint products;
- valuation and revaluation methods for fixed assets;
- average useful life for each class of production equipment and depreciation method and rate used for each;
- treatment of foreign exchange gains and losses arising from transactions;
- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
- inclusion of general expenses and/or interest;
- provisions for bad or doubtful debts;
- expenses for idle equipment and/or plant shut-downs;
- costs of plant closure;
- restructuring costs;
- by-products and scrap materials resulting from your company's production process; and
- effects of inflation on financial statement information.

Response: Please refer to the notes to the audit report for the detailed accounting policy.

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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.

Response: There has been no material changes to accounting policies in the last 2 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.

	Most recent completed financial year (specify)		Investigation period	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				
Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12+13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				

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Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				
NET PROFIT (22)=(20-21)				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

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

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Response: Please refer to spreadsheet [**CONFIDENTIAL Income Statement**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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:

	Most recent completed financial year (specify)		Investigation period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "TURNOVER".

This information will be used to verify the cost allocations to the goods under consideration in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

Response: Please refer to spreadsheet [**CONFIDENTIAL Turnover**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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:

name;

address;

contact name and phone/fax number where known; and

trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Response: Please refer to [**CONFIDENTIAL Exhibit B-1: Australian Customers**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: For all the Australian sales, the company directly delivers the goods to Australian ports designated by the customers.

- (b) Identify each party in the distribution chain 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.

Response: In the whole distribution chain, the channels and functions are illustrated as following:

- (1) Shiheng Steel (exporting producer) → Australian customers (importer)
(2) Shiheng Steel (exporting producer) → HK Lutai (trader, re-invoice and collecting payment) → Australian customers (importer)

No commissions are paid in this whole process. HK Lutai has its own mark-up in the resales.

- (c) Explain who 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.

Response: The party who holds the original bill of lading possesses the ownership of the goods. There are no DDP sales for Australian sales.

- (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).

Response: No agency or distributor agreements exist in relation to the Australian market.

- (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.

Response: Shiheng Steel negotiates the price with Australian customers. Upon the terms and conditions are agreed, it receives orders and arranges production. The goods are directly delivered to Australia from Shiheng Steel. Shiheng Steel issues the invoice either directly to Australian importers or to HK Lutai. HK Lutai re-issues the invoice to Australian importers. The payment will be paid according to the invoicing route. The export prices are not based on price lists.

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

Response: The company is not related to and has no financial or other arrangements with any of its Australian customers.

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

Response: There are no such forward orders of the goods under consideration.

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.

Response: The export selling prices don't vary according to the distribution channel.

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B-4 Please provide the following information in the 'Australian Sales' spreadsheet by 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:

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model	commercial model name
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Straight or Coil	Specify whether rebar is in a straight length or in a coil
Length	Specify length
Dimension	Specify diameter
Deformation Type/shape	Specify how surface is deformed (e.g. ribbed, indented, etc)
Grade	Specify minimum yieldstrength grade manufactured to (e.g. 250, 500 MPa etc.)
Production method	Specify the method used to achieve mechanical properties (e.g. Water-quenched & self-tempered OR micro alloyed OR cold-worked)
Standard manufactured to	Specify the standard the rebar was manufactured to comply with
ACRS Certification	Specify whether the product has Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) certification
Ductility	Specify Ductility class manufactured to (low, normal or seismic)
Alloy	If the product is made from 'alloy steel', specify this and specify the alloy (eg. B≥0.0008% OR Cr≥0.3% OR V≥0.1% OR Nb≥0.06% etc.)
Invoice number	invoice number
Invoice date	invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	Agreed payment terms eg. 60 days=60 etc
Invoice weightbasis	Show basis on which goods are invoiced (ie. theoretical/nominal weight or actual weight).
Actual weight	Actual weight of (specify units e.g. Tonnes)
Theoretical weight	Theoretical weight, if your business uses theoretical weight (specify units e.g. Tonnes)
Gross invoice value	Gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates or other allowances	The amount of any deferred rebates or allowances paid to the importer in the currency of sale.
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.

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Invoice currency	The currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as it is entered in your accounting system
Other discounts	The actual amount of other discounts (e.g. quantity discounts) not deducted from the invoice. Show a separate column for each type of quantity discount.
Ocean freight**	The actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	The free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	Inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.
Handling, loading & ancillary expenses*	Handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	Warranty & guarantee expenses
Technical assistance & other services*	Expenses for after sale services, such as technical assistance or installation costs.
Commission	Commissions paid. If more than one type is paid insert additional columns of data.
Other Costs	Any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B.5.

** FOB export price and Ocean Freight:

Costs marked with * are explained in section E-1.

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

* All of these costs are further explained in section E-1.

Response: Please refer to the spreadsheet [CONFIDENTIAL Australian Sales].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: The company reported the bank charges that incurred in the sales process.

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.

Response: There are no discounts, rebates, allowances offered on export sales to Australia.

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.

Response: The company did not issue credit notes to the customers in Australia.

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

Response: The company is not responsible for arrival of the goods within Australia.

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;
- Applicable test certificates and production reports.

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- 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.

Response: Please refer to **[CONFIDENTIAL Exhibit B-9.1: Australian sample sales of Shiheng Steel]**, and **[CONFIDENTIAL Exhibit B-9.2: Australian sample sales of HK Lutai]**.

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: The company only exported the GUC to Australia during the investigation period. The specification includes [CONFIDENTIAL: specification of GUC].

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).

Response: Please refer to the answer to the previous question.

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 (i.e. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate “YES”. Otherwise “NO”	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences For instance, differences in production methods (e.g. water-quenched vs micro-alloyed) to achieve mechanical properties for export vs domestic sales must be noted.

Response: Please refer to spreadsheet [CONFIDENTIAL Like Goods].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company’s commercial activities and sensitive business information, disclosure of which could harm the Company’s market and competitive position.]

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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.

Response: We take these goods sold in the domestic market that has similar physical and chemical characteristics, end use and customer's choice as 'like goods' comparing with those exported to Australia.

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.

Response: The company sells the goods to both traders and end users in the domestic market. It directly issues the invoice to the customers and collects payments accordingly. The domestic sales are relatively simple and straight forward. No agency or distributor agreements are ever entered into in the domestic market.

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.

Response: **The domestic selling prices don't vary according to the distribution channels.**

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;
- whether the invoice price is based on theoretical or actual weight ;and
- whether price includes the cost of delivery to customer.

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

Response: **The company negotiates the price with its customers on the basis of the cost of production and market situation. The domestic customer lays purchase orders directly to Shiheng Steel. Upon the sales term is agreed, the company will arrange for production. Most of the domestic transactions are made on EXW basis while a small portions are delivered to the customers (DTD). That is to say, some of the prices include the freight. The sales are not in accordance with price lists.**

D-4 Complete the attached spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the investigation period. Include all of the following information.

Column heading	Explanation
Customer name	Names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	The level of trade of your domestic customer
Model	Commercial model
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.
Production method	Specify the method used to achieve mechanical properties (eg. Water-quenched & self-tempered OR micro alloyed OR cold-worked)
Grade	Specify minimum yield strength grade manufactured to (eg 250, 500 MPa etc)
Deformation Type / Shape	Specify how surface is deformed (eg ribbed, indented, etc)
Straight or Coil	Specify whether rebar is in a straight length or in a coil
Length	Specify length
Dimension	Specify diameter
Standard manufactured to	Specify the standard the rebar was manufactured to comply with
Ductility	Specify Ductility class manufactured to (low, normal or seismic)
Alloy	If the product is made from 'alloy steel', specify this and specify the alloy (eg. B≥0.0008% OR Cr≥0.3% OR V≥0.1% OR Nb≥0.06% etc.)
Imperial or metric	Specify if the product sold is an imperial or metric-sized measurement
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date other than the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	If applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the

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	date of sale.
Delivery terms	Delivery terms
Payment terms	Agreed payment terms eg. 60 days=60 etc
Invoice weight basis	Specify whether invoicing is done on theoretical or actual weight basis
Actual weight	Actual weight of (specify units e.g. Tonnes)
Theoretical weight	Theoretical weight, if your business uses theoretical weight (specify units e.g. Tonnes)
Gross Invoice value	Gross value shown on invoice in the currency of sale, net of taxes.
Discounts on the Invoice	The amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Rebates or other Allowances	The actual amount of any deferred rebates or allowances in the currency of sale
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as recorded in your accounting system
Other discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	Packing expenses
Inland transportation Costs*	Amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	Handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	Warranty & guarantee expenses
Technical assistance & other services*	Expenses for after sale services such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	Any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

Response: Please refer to spreadsheet [**CONFIDENTIAL Domestic Sales**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: No other costs, charges or expenses incurred in the domestic sales.

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

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- 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.

Response: There are no discounts, rebates, allowances offered on domestic sales. No credit notes were issued directly or indirectly to the customers.

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.

Response: Please refer to [**CONFIDENTIAL Exhibit D-7: Domestic sample sales**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

SECTION E FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

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.

Response: The inland transportation costs as reported in the Australian Sales is actually an "All-in" charge including all the handling, loading and ancillary expenses from the factory gate to the export port which is collected by the logistic company as a whole, and quantified by multiplying the unit rate and the weight on the commercial invoice. Such expense is recorded in the general ledger account - "Sales Expense".

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.

Response: Please refer to the answer to question E-1.1, all the handling, loading and ancillary expenses have been included in the "All-in" charge as reported in Inland Transportation Costs above.

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.

Response: The export prices are fixed by the commercial invoice and not influenced by the collection days, thus, there is no credit cost applicable to the company.

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**'.

Response: The GUC has no significant difference on the packaging in the domestic and export markets, and it will not specially packed for those export products, thus, the packing costs is not applicable to the company.

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.

Response: No commissions are paid in relation to the export sales to Australia.

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.

Response: No expenses of warranties, guarantees, and after sales services are paid to any third parties for all the transactions of the company.

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.

Response: No other factors that affect the price comparability exist and require an adjustment.

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.

Response: The currency conversion between Australia and China is relatively stable, this adjustment concerning foreign currency translation is not applicable to the subject investigation.

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.

Response: No significant differences exist on the physical characteristics and manufacturing cost for those domestic and export goods, thus, this question is not applicable in the subject investigation.

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.

Response: No such import charges and indirect taxes claimed by the company.

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.

Response: No difference on the level of trade is claimed for adjustment.

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 borrowings 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).

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.

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.

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.

Response: No difference on the credit cost is claimed for adjustment.

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

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.

Response: The company reported the transportation on the basis of the unit inland freight that actually paid multiplying the invoice quantity. As stated above, such expense is recorded in the general ledger account - “sales expenses”. The inland transportation costs reported in Domestic Sales is also an “All-in” charge with handling, loading and ancillary expenses included.

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.

Response: Please refer to the answer to question E-2.5 as above.

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**”.

Response: No difference on packing is claimed for adjustment.

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.

Response: No commission is paid in relation to the domestic sales.

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.

Response: No expenses of warranties, guarantees, and after sales services are paid to any third parties for all the transactions of the company.

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*.

Response: No other factors that affect the price comparability exist and require an adjustment.

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.

Response: No such duplication exists in all the items of adjustment.

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 Third country sales data

Complete the 'Third country' spreadsheet attached. This data should be provided on a summary basis. The below table provides some explanation of the data requested.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity&Invoice weight basis	Show unit of quantity (eg kg). Specify whether invoicing is done on theoretical or actual weight basis
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

Response: Please refer to spreadsheet [**CONFIDENTIAL Third Country**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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

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Response: The steel type and specifications may be different in sales to third countries which may affect their comparison to export sales to Australia.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;*
- determining a constructed normal value of the goods under consideration (the goods) - i.e. of the goods exported to Australia; and*
- making certain adjustments to the normal value.*

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

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.

Response: The production process for the goods is in an integrated manner. It begins from iron ore to the finished goods. Please refer to **Exhibit G-1.1: Production process flowchart**. The bolting steel is also manufactured using the same production facilities as those used for the goods. All scraps generated from the production process are recycled. No by-products are resulted from producing the goods.

G-2. Production capacity data

Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Investigation Period
A – Production capacity (eg kg, tonnes)*			
B – Actual production in volume (eg kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

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

Response: Please refer to spreadsheet [**CONFIDENTIAL Production**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

Response: The management accounting system of Shiheng Steel is "UFIDA" system, which is in accordance with the generally accepted accounting principles in China and the audited financial statements can be worked out directly based on the cost accounting information.

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 (i.e. differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Response: The company's cost accounting system is based on standard costs. The standard costs were used in the company's responses to this questionnaire, and all variances had been allocated to the goods by output (tonnes) every month.

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

Response: There were no such significant or unusual cost variances occurred during the investigation period.

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

Response: The cost centres are illustrated as following:

1.1.#1 iron makingplant: production liquid iron and pellet;

1.2.#2 iron makingplant: production liquid iron, sintered ore and pellet;

1.3.#3 iron makingplant: production liquid iron and pellet;

2.1.#1 steelmakingplant: production steel billet;

2.2.#2steelmakingplant: production steel billet;

2.3.#3steelmakingplant: production steel billet;

3.1. High speed wire plant: production rebar in coil;

3.2. #1 rebar plant: production rebar in straight;

3.3. #2 rebar plant: production rebar in straight;

3.4. Small rebar plant: production rebar in straight.

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.

Response: For these cost centres, the company normally used standard cost method to allocate material costs to the goods, and allocate the labour cost by actual working hours, allocate the manufacturer overhead by output (tonnes). The material variances were allocated by output (tonnes) to each type every month.

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

Response: The level of product is specified into steel type and diameter, for example, the product code "HRB400 ϕ 20" means the steel type is HRB400, and diameter is ϕ 20.

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

Response: There are no production costs incurred by the company which are valued differently for cost accounting purposes than for 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.

Response: The company doesn't engage in any start-up operations in relation to the goods under consideration.

- 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.

Response: 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.

Response: Please refer to spreadsheet [**CONFIDENTIAL Domestic CTMS**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

	Quarter X	Quarter X	Quarter X	Quarter X
Like Domestic Model/Type – from spreadsheet LIKEGOOD (section C-3)				
Material Costs ¹				
Direct Labour				
Manufacturing Overheads				
Other Costs ²				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				

² The Commission applies the tests set out in s.269TAA 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. Steel reinforcing bar – China – 30 June 2015

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Delivery Expenses ³				
Other Costs ³				
Unit Cost to Make and Sell				

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

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods under consideration** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the investigation.

Provide the information broken down into fixed and variable costs, and indicate the percentage total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

Response: Please refer to spreadsheet [**CONFIDENTIAL Domestic CTMS**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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.

	Quarter X	Quarter X	Quarter X	Quarter X
Model/Type exported to Australia – from spreadsheet LIKEGOOD				
Material Costs ¹				
Direct Labour				
Manufacturing Overheads				
Other Costs ²				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses ³				
Other Costs ³				
Unit Cost to Make and Sell				

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

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the investigation.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

Response: Please refer to spreadsheet [**CONFIDENTIAL Australian CTMS**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

- 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.

Response: The cost accounting method between goods sold to the domestic market and those sold for export are the same.

- 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.

Response: 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.

Response: Not applicable.

G-6 Major raw material costs

List major raw material costs(coking coal, coke, iron ore and scrap steel), which individually account for 10 per cent or more of the total production cost.

Response: The major raw materials costs, which individually account for 10% or more of the total production cost are iron ore and coke.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Response: Please refer to spreadsheet [**CONFIDENTIAL Raw material purchases**]. The basis of valuing the major raw material is market price.

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

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Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Response: Since the coke is produced by an affiliated company of Shiheng Steel, namely [CONFIDENTIAL: name of the affiliated company], please refer to [CONFIDENTIAL Exhibit G-6.1: CTMS coke], and [CONFIDENTIAL Exhibit G-6.2: Income statement]. Comparing the CTMS of coke by [CONFIDENTIAL: name of affiliated company] and the purchase price of Shiheng Steel and the profitable status of [CONFIDENTIAL: name of the affiliated company] during the POI, it is established that the affiliated transaction price is reasonable and in arm's length.

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5 per cent or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

SECTION H – PARTICULAR MARKET SITUATION

The Commission seeks to confirm whether a ‘market situation’ exists in respect of iron and steel from China due to government influence on both the prices of the goods and the major raw material inputs (coking coal, coke, iron ore and scrap steel) used in the manufacture of the goods.

The existence of a ‘market situation’ could affect the Commission’s approach to calculating normal value within its dumping assessment.

In broad terms, it is generally the case that the normal value of the goods is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose provides that the domestic selling prices are not an appropriate basis for normal value if the Minister is satisfied that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values (i.e. a ‘particular market situation’ exists).

One of these situations may be where the domestic selling prices in the country of export have been materially affected by government influence rendering those prices unsuitable for use in establishing normal values.

Through this questionnaire, the Commission is providing producers/exporters of the subject goods in China the opportunity to supply evidence that the sector under investigation is operating under competitive market conditions.

It may be necessary for the Commission to request additional information following receipt and review of your response.

There are three parts to this section:

- PART H-1 - Requests information concerning the organisation of your company and the GOC’s involvement in the business of your company.
- PART H-2 - Requests information concerning the GOC’s measures with respect to the iron and steel industry in China.
- PART H-3 - Requests information concerning the iron and steel sector in the region where your company is located.

PART H-1 General information

The information requested in this part will provide an overview of your corporate organisation and the GOC's involvement in your business. In addition to your response to each of the questions, all necessary supporting documentation is requested.

1. Specific questions are asked throughout this questionnaire in relation to the GOC's interaction with your businesses.

However, please generally describe all interaction that your business has with the GOC at all levels, including (but not limited to):

- a) reporting requirements;

Response: In its normal operations, it isn't required reporting to GOC and all business decisions are decided by the senior managements of the company.

- b) payment of taxes;

Response: The company will pay the taxes on a regular monthly or quarterly basis, and finally clear the tax payable at the end of each year.

- c) senior management representation within your business;

Response: Not applicable. The company is a wholly private company and all the senior management representations within the business are selected from the market and hired according to the relevant procedures of Articles of Association.

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

Response: Not applicable. As stated above, the company is a private company and no supervision by the SASAC or a body under the control of SASAC is ever applicable.

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

Response: Not applicable. All the business decisions are made and resolved by the senior managements (board of shareholders, board of directors or general manager) of the company themselves.

- f) licensing;

Response: The only interaction with the GOC in this regard is the issuance of business license, and no other licensing is needed in the operation activities of the company.

- g) restrictions on land use;

Response: The land used by the company are purchased from the market.

h) provision of loans; or

Response: Not applicable. The loans are provided by the commercial banks and all the terms and conditions of the loans are decided by negotiation.

i) provision of grants, awards or other funds.

Response: Not applicable. The company doesn't receive any grants, awards or other funds from the GOC.

2. Business structure, ownership and management

a) Indicate whether your company is, or has been at any time in the previous 5 years, a state-owned (SOE) or state-invested enterprise (SIE) (refer to the Glossary of Terms for definition).

Response: The company isn't, or hasn't been at any time in the previous 5 years, a state-owned (SOE) or state-invested enterprise (SIE).

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

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

Response: The list of board of directors are: [CONFIDENTIAL: names of directors].

Please refer to the answer to question A-3.2 as above for the shareholders of the company.

c) 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 so, identify the individuals, their role on that Board and their affiliation with the GOC.

Response: No members of the business's (and/or all other entities your business is related to) Board of Directors or Board of Shareholders representatives, employees, or otherwise are affiliated with the GOC.

d) 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 so, identify their name and title and indicate their position at the board level.

Response: None of the business's (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).

- e) 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 so, identify the government department(s) they represent.

Response: No members of the business's (and/or all other entities your business is related to) Board of Directors or Board of Shareholders are appointed, managed or recommended by the GOC

- f) 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).

Response: Please refer to the answer to question A-3.2 as above for the shareholders of the company. None of them are an affiliate, representative, agency or otherwise representative of the GOC. [COFIDENTIAL: names of the shareholders and their roles]. All of them are domestic investors.

- g) Provide the details of any significant changes in the ownership structure of your business during the investigation period.

Response: No significant changes in the ownership structure of the company has occurred during the investigation period.

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

Response: No positions within the company is appointments or designated to act on behalf of GOC authorities.

- i) 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.

Response: There aren't any requirements in law and in practice to have government representation at any level of our business.

- j) 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.

Response: Not applicable. The company is not a publicly-traded company.

- k) Provide the monthly trading volume and average monthly trading price of your listed security between 1 July 2014 and 30 June 2015.

Response: Not applicable.

- l) Who has the ability to reward, fire or discipline your business' senior managers?

Response: According to the Articles of Association, the board of directors and general manager has the ability to reward, fire or discipline the senior managers in different level.

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

Response: The senior managers of the company don't hold positions in any GOC departments or organisations, associations or Chambers of Commerce.

- n) Provide the names and positions of your company's pricing committee.

Response: Not applicable. The company doesn't have such kind of pricing committee. The sales price is negotiated according to the market situation on the basis cost of production.

3. Licencing

- a) Provide a copy of your business licence(s).

Response: Please refer to **Exhibit H-1.3.a): Business license.**

- b) Identify the GOC departments or offices responsible for issuing the licence(s).

Response: The business license is issued by Shandong Administration for Industry and Commerce.

- c) Describe the procedures involved in applying for the licence(s).

Response: The procedures involved in applying for business license are as following:

- (1) to establish a company, an application shall be filed for the pre-approval of the company name;**
 - (2) a representative designated or an agent jointly authorized by all the shareholders shall apply for registration of incorporation to the company registration authority;**
- and**

(3) to submit relevant documents as requested by laws and regulations, such as application form of registration of incorporation, articles of association, capital verification report, identity of each shareholder, and certificate of company residence etc.

- d) Describe any requirements or conditions that must be met in order to obtain the licence(s).

Response: As the company is a limited liability company, we illustrated the requirements or conditions as following:

- (1) Application for registration of establishment signed by the chairman of the board of directors of the company;
- (2) Certificate of representation or jointly entrusted agent by all the shareholders;
- (3) The company's articles of association;
- (4) Capital verification report issued by a qualified capital verification institution;
- (5) Legal person qualification certificates of the shareholders or identity certificates of natural persons;
- (6) Documents indicating the names and residence of the company's directors, supervisors and managers, and the certificates relating to their appointments, elections or engagements;
- (7) Documents of tenure of office and identity certificate of the company's legal representative;
- (8) The notification of the company's name pre-approval; and
- (9) Domicile certificate of the company.

- e) Describe and explain any restrictions imposed on your business by the business licence(s).

Response: If the company acts or operates within the scope of the business license, there aren't any restrictions imposed on the company by the business license.

- f) Describe any sanctions imposed on your business if you act outside the scope of your business licence(s).

Response: The registration authority may, depending on the circumstances, issue a warning, impose a fine, confiscate illegal income, order the suspension of business operations until the matter is rectified, or confiscate or revoke the business licence if the company acts outside the scope of the business license.

- g) Describe and explain any rights or benefits conferred to your business under the licence(s).

Response: Any company intends to conduct business operations in China shall first acquire the business license. Enterprise legal person's business license is the proof that the enterprise has obtained the qualification of an enterprise legal person and to operate legally, and those companies who get such qualification can freely decide its operations.

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

Response: The relevant Administration for Industry and Commerce, which issued the business license to the company, is the competent authority to revoke the business license. The types of legal requirements that would cause the license to be revoked mainly include:

- (1) Dissolution after liquidation;
- (2) Bankruptcy;
- (3) Acquired the business license by falsification of the registered capital and the circumstance is serious;
- (4) Acquired the business license by false submissions or other fraudulent means and the circumstance is serious;
- (5) A company fails to open business more than six months after its incorporation without good reasons, or ceases business operation for more than six months consecutively after opening business;
- (6) Where the business scope of a company to be modified includes any item which must be subject to approval according to a law, administrative regulation or decision of the State Council and such an approval is not acquired, if the company engages in the relevant business operation without the approval and the circumstance is serious;
- (7) Where a company fails to accept the annual inspection according to legal provisions and after the competent authority give a prescribed time limit, the company still fails to accept the annual inspection within the prescribed time limit;
- (8) Where a company forges, alters, leases, lends or transfers its business license and the circumstance is serious; and
- (9) Where a company engages in serious illegal activities in the name of the company, which compromises the national security or public interest.

4. Decision-making, planning and reporting

- a) Provide a description of your business' decision-making structure in general and in respect of iron and steel products. This should identify the persons or bodies primarily responsible for deciding:
 - (i) what goods are produced;
 - (ii) how the goods are produced;
 - (iii) how levels of inputs such as raw materials, labour and energy are set and secured;
 - (iv) how the use of your outputs, such as how your product mix is determined; and
 - (v) how your business' profit is distributed

Response: According to the articles of association of the company, the significant business decisions shall be proposed by the board of directors and further approved by the board of shareholders. Other decisions in the normal business operations shall be decided by the general manager in a market oriented manner.

- b) Provide a description of any GOC input into the decision-making process about your manufacture, marketing and sale of steel products.

Response: No GOC input/guidance is interfered into the decision-making process regarding manufacturing, marketing and sale of steel products of both companies.

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- c) Provide a list of all government departments/offices that are involved, either directly or indirectly, in your manufacture, sale or purchase of steel products.

Response: No government departments/offices are involved, either directly or indirectly, in manufacture, sale or purchase of steel products of both companies.

- d) 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.

Response: No reports must be submitted to the GOC periodically by our company.

- e) If not previously provided, 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.

Response: As a private company, the company has no awareness of such Provincial or City Five Year Plans in Shandong or Shiheng.

- f) Does your business develop any National and regional five-year plans or similar planning documents? If so, 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).

Response: The company doesn't develop any National and regional five-year plans or similar planning documents.

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

Response: Please refer to [**CONFIDENTIAL Exhibit H-1.4.g): Resolution of board of shareholders**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

- h) Provide copies of the notes to company meetings where pricing decisions on steel products have been made over the investigation period.

Response: The company doesn't have such company meetings where pricing decisions on steel products have been made over the investigation period. The price is basically decided by negotiation with customers with regard to the market situation.

PART H-2 GOC measures in the iron and steel sector

The information requested in this part will allow for a better understanding of the GOC's measures in respect of the iron and steel industry in China. In addition to your response to each of the questions, all necessary supporting documentation is requested.

1. Were there any GOC opinions, directives, decrees, promulgations, measures, etc. concerning the iron and steel industry/sector that were put in place or operating during the investigation period; for example but not limited to, the National Steel Policy (NSP), the Blueprint for the Steel Industry Adjustment and Revitalization and the Directory Catalogue on Readjustment of Industrial structure?

If yes, please provide a copy of that documentation and a translation as well. Also provide documentation concerning the GOC or any association of the GOC's notification of the measures concerning iron and steel to your company over the investigation period.

Response: The company has no awareness of such GOC opinions, directives, decrees, promulgations, measures, etc. concerning the iron and steel industry/sector that were put in place or operating during the investigation period.

2. Provide information concerning the name of any GOC departments, bureaus or agencies responsible for the administration of all GOC measures concerning the iron and steel industry in the regions, provinces or special economic zones where your company is located.

Ensure that your response includes contact information regarding the following areas:

- industrial policy and guidance for the iron and steel industry sector, including the 12th Five-Year Plan: Iron and Steel (2011-2015 Development Plan for the Steel Industry);

Response:

Department: National Development and Reform Commission ("NDRC")
Address: 38 South Yuetan Street, Xicheng District, Beijing 100824
Phone number: 86-10-6850 1428
Fax number: 86-10-6850 2999

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

- measures to eliminate out dated production capacity and to encourage technical and environmental improvement;

Response:

Department: NDRC

Address: 38 South Yuetan Street, Xicheng District, Beijing 100824

Phone number: 86-10-6850 1428

Fax number: 86-10-6850 2999

- measures to curb 'production capacity redundancy';

Response:

Department: NDRC

Address: 38 South Yuetan Street, Xicheng District, Beijing 100824

Phone number: 86-10-6850 1428

Fax number: 86-10-6850 2999

- market entry criteria for the iron and steel industry sector and industry operating conditions;

Response:

Department: NDRC

Address: 38 South Yuetan Street, Xicheng District, Beijing 100824

Phone number: 86-10-6850 1428

Fax number: 86-10-6850 2999

Department: MIIT

Address: 13 West Changan Street, Xicheng District, Beijing 100804

Phone number: 86-10-6601 1228

Fax number: 86-10-6601 1228

- environmental enforcement for the iron and steel industry sector;

Response:

Department: Ministry of Environmental Protection ("MEP")

Address: 115 Nanxiao Street, XizhimenNei, Beijing 100035

Phone number: 86-10-6655 6163

Fax number: 86-10-6655 6165

- management of land utilisation;

Response:

Department: Ministry of Land and Resources

Address: 64 Funei Avenue, Xicheng District, Beijing 100812

Phone number: 86-10-6655 8424

Fax number: 86-10-6655 8004

- the China Banking Regulatory Commission for the iron and steel industry sector;

Response:

**Agency: China Banking Regulatory Commission (“CBRC”)
Address: 15 Financial Avenue, Xicheng District, Beijing 100800
Phone number: 86-10-6627 9378
Fax number: 86-10-6629 9144**

- investigation and inspection of new iron and steel expansion facilities;

Response: It is submitted by the company that many administrative departments can be involved in the investigation and inspection the expansion of new steel facilities. It is difficult to know how to list these, and their relevance to this investigation would have to be quite remote. The subject matter dealt with by agencies involved in the investigation and inspection of facilities will include such things as construction certification; construction safety; land surveying; and environmental compliance.

- guiding industry mergers and acquisitions;

Response:

**Department: NDRC
Address: 38 South Yuetan Street, Xicheng District, Beijing 100824
Phone number: 86-10-6850 1428
Fax number: 86-10-6850 2999**

- subsidies provided to producers in the iron and steel industry;

Response: The company has no awareness of such government bodies that administer the subsidies provided to producers in the iron and steel industry.

- import and export measures on upstream raw materials; and

Response:

**Department: Department of Foreign Trade of the Ministry of Commerce (“MOFCOM”)
Address: 2 Dongchang’an Road, Beijing, 100731
Phone number: 86-10-6519 7107
Fax number: 86-10-6519 7447**

- other implementation measures, including impact of SIEs..

Response: The company has no awareness of • other implementation measures.

3. National Steel Policy

PUBLIC RECORD

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The Commission is aware of the 2011 *National Steel Policy* (also referred to as the Steel and Iron Industry Development Policy, as well as by several other titles). The following questions relate to that policy.

- a) explain in detail how the policy and any updates regarding the policy were communicated to your company.

Response: Such policy and any updates are not communicated to our company. As far as we know, the relevant authority just published such policy publicly and we got to know also from public channel.

- b) Identify the government department, association, or company official that communicated this policy or any related measures, to your company as well as the government office or association and the names of the officials who are responsible for the administration of this policy.

Response: Not applicable. Please refer to the answer to question a) above.

- c) Explain in detail the information that has been provided to you from official and unofficial channels concerning action to be taken by your company in relation to the policy.

Response: The company doesn't have to take any action in relation to the policy. Such policy doesn't have compulsory or binding forces in our legal system, and it is more or less a guidance to all the enterprises in the steel industry.

- d) Do you have designated officials that have provided direction to your company regarding the Government of China's measures and how to proceed with your current project or future plans within the scope of the policy?

Response: Not applicable. No designated officials have provided direction to the company regarding the GOC's measures and how to proceed with your current project or future plans within the scope of the policy.

- e) Explain in detail if there are additional directives or measures from the Government of China that have been communicated to your company, since the inception of the policy.

Response: Not applicable. Please refer to the answer to question a) above.

- f) Explain in detail whether the policy has ever impacted your company's investment plans. This may include reference to specific measures considered or taken by your company to address issues and/or objectives raised by the policy. Such items may include but are not limited to items such as project approval process, credit and loans (including discounted interest payments), the environment, the scale of production, energy use, raw material inputs etc.

Response: No investment plans have ever been impacted by the policy.

- g) Explain the ongoing mechanism used by the Government of China to measure your company's compliance with the policy directives and/or guidelines.

Response: As we explained above, such policy is just a guidance without any legal binding force, thus, we don't know if there are any mechanism used to measure the compliance.

- h) The policy includes directives and/or guidelines that permit authorities to limit the supply of water, power, land and bank loans etc. to steel producers, which do not meet the objectives of the policy.
- Explain in detail whether your company's expansion or investment plans have ever been or may be impacted by these criteria.
 - Explain the procedure to be followed by a steel company in making a request for approval of a steel investment for an existing steel enterprise or new steel enterprise.
 - Identify any Government of China bodies at the regional or provincial level that have the responsibility to grant the approval, or refuse approval regarding an investment in the steel sector.
 - Are review and approval decisions regarding investments in the steel sector made by the central government or are they delegated to the regional or provincial level?

Response: The company doesn't have any expansion or investment plans in the recent years. It doesn't ever experienced any breach of the objectives of the policy. Therefore, the company is incapable of responding the above questions.

- i) Describe the role of the National Development and Reform Commission in terms of communicating, implementing and overseeing policies governing the steel sector, including but not limited to, China's National Steel Policy.

Response: As we stated above, the company doesn't have any communications with the NDRC, thus, it doesn't have any knowledge on how the NDRC communicates, implements or oversees such policies.

4. Other government approvals

The following questions address the approvals that are necessary from various GOC agencies, including the National Development and Reform Commission, in order to continue or initiate iron and steel investments.

- a) Explain whether your company has undertaken an approval process through the GOC for any iron and steel or iron and steel related investments in the last 10 years.
- b) Explain whether any applicable investments received the necessary approval and if so, provide documentation confirming this approval.

- c) If your investment was not approved, provide the reasons given for the refusal.
- d) Describe the process your company has to follow to obtain these approvals.
- e) Provide a translated copy of the application form along with the original Chinese version.
- f) Identify the office that sent communication of these requirements to your company along with the office address, contact names, phone numbers and fax numbers.

Response: The company doesn't undertake any approval process through the GOC for any iron and steel or iron and steel related investments in the last 10 years. Thus, the above questions are not applicable to the company.

5. The restructure of the iron and steel industry in China

The Commission is aware of the GOC's *Guidelines on tackling severe overcapacity problem*. The following questions relate to these guidelines:

- a) Explain in detail if there were any directives or measures from the GOC that have been communicated to your business since the inception of these guidelines?
- b) Identify the Government department, association or company official that communicated these guidelines or any related measures to your business.
- c) Identify the Government department, association or company and names of officials who are responsible for the administration of these guidelines.
- d) Explain in detail how these guidelines have or might impact on your business. This may include reference to specific measures considered or taken by your business. Such items may include but are not limited to items such as project approval process, credit and loans terms (including any preferential interest rates), the environmental issues, discounted rate of energy and raw materials (iron and steel, pre-alloyed product etc).
- e) Explain any on-going mechanism used by the GOC to measure your business compliance with the policy directives and/or guidelines.

Response: The company doesn't have any communications with the GOC concerning this guidelines. Thus, the above questions are not applicable to the company.

PART H-3 The iron and steel sector

The information requested in this part will assist in providing a better understanding of the GOC measures and your business' sales and production of the iron and steel sector.

In addition to your narrative response to each of the questions, all necessary supporting documentation is requested.

1. Export quotas and licensing

- a) Are iron and steel products sold by your company subject to any export quotas?

If so, explain why iron and steel products are subject to quotas and the method by which the quotas are allocated.

Does this process involve any GOC participation in determining the selling prices of the goods? If so, explain.

Response: The iron and steel products sold by the company are not subject to any export quotas.

- b) If iron and steel products are not presently subject to export quotas, indicate if quotas existed during the investigation period and when and why they were removed.

Response: The quotas doesn't exist during the POI.

- c) Identify the GOC agency which legislates and monitors any such quotas.

Response: Not applicable. Please refer to the answer to question a) above.

- d) Has the GOC set any targets or limits regarding the quantity of iron and steel products that you may sell on the domestic or export markets? If so, provide details.

Response: The GOC doesn't set any targets or limits regarding the quantity of iron and steel products sold on the domestic and export markets.

- e) Are there any export licence requirements for iron and steel products? If so, provide details.

Response: There aren't any export licence requirements for iron and steel products.

2. Taxation

- a) Were there any export taxes on the exports of iron and steel products during the investigation period?

Response: There aren't any export taxes on the exports of iron and steel products during the POI.

- b) What was the value-added tax (VAT) rebate applicable to iron and steel products exports during the investigation period?

Response: The VAT rebate applicable to the GUC are illustrated as following:

(1) GUC in coil: 9%; and

(2) GUC in straight: 13%.

- c) Have there been any changes to the VAT rebate applicable to iron and steel exports in the last 5 years? If yes, provide:
- i. a detailed chronological history of the VAT rebate rates;
 - ii. products affected;
 - iii. the effective dates of the rate changes;
 - iv. fully translated copies of any GOC notices regarding these changes, including the relevant appendices.

Response: The VAT rebate policy for steel products changes several times during the last 5 years. However, such policy is related to a huge number of specific steel products. It is not practicable and also not a suitable entity by the company to illustrate in details.

- d) Please provide details of any taxes and tariff (rates and rebates) applicable to coking coal and coke as well as iron ore and scrap steel.

Response: The company doesn't have any international trade of coking coal, coke and scrap steel, thus, it doesn't know such taxes and tariff relating to these materials. The relevant taxes and tariff for iron ore are: (1) import tariff: 0%; (2) VAT: 17%; (3) export rebate: 0%.

- e) Are you aware of any tax changes being planned that would impact the iron and steel sector?

Response: The company is not aware of such planned tax changes by the GOC.

3. Sales terms

- a) Identify the person who authorises the sales terms, prices and other contract provisions for the sale of iron and steel products by your business.

Response: The sales terms, prices and other contract provisions are decided by negotiation with customers and authorized by the sales manager of the company.

- b) Explain how the selling prices of iron and steel products 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.

Response: The selling prices of iron and steel products of the company are determined by negotiation with customers with regard to the market situation and cost level of the company. No GOC involvement or guidance pricing exist in this process.

- c) Does your business coordinate the selling prices or supply of iron and steel products with other domestic iron and steel producers, any GOC departments, or the China Iron and Iron and steel Association? If so, provide details.

Response: The company doesn't coordinate the selling prices or supply of iron and steel products with other domestic iron and steel producers, any GOC departments, or the China Iron and Iron and steel Association.

- d) Explain whether your business provides iron and steel products price information/data to the GOC, other government officials or commercial/industry organisations, including those outside of China, which report on the iron and steel sector.

Response: The company doesn't provide iron and steel products price information/data to the GOC, other government officials or commercial/industry organisations.

- e) Explain whether your business provides iron and steel products price data to any other person at the provincial, regional or special economic zone level of government.

Response: The company doesn't provide iron and steel products price data to any other person at the provincial, regional or special economic zone level of government.

4. Industry associations

- a) Is your business a member of CISA or regional iron and steel industry associations? If so, explain your business' relationship with the association/s and the involvement of the GOC with the association/s.

Response: The company isn't a member of CISA or regional iron and steel industry associations.

- b) 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 iron and steel industry.

Response: Not applicable.

5. Statistics submission/recording

- a) Indicate if your business makes submissions³ 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.

Response: The company doesn't make submissions to the Chinese Bureau of Statistics and/or any other government organisation.

³For example, monthly data relating to sales, production and costs.
Steel reinforcing bar – China – 30 June 2015

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

Response: Not applicable. Please refer to the answer to question a) above.

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

Response: Not applicable. Please refer to the answer to question a) above.

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

Response: Not applicable. Please refer to the answer to question a) above.

6. Manufacturing inputs

- a) Is there a price difference in purchase price for raw materials (i.e. coking coal, coke, iron ore and scrap steel or other raw material) between your suppliers?

Response: The purchase price for raw materials between our suppliers must have certain difference since the transaction prices are basically decided by negotiations with suppliers.

- b) Is there a price difference between purchase price of raw materials from SIEs/SOEs and non-SIEs/SOEs? Provide explanation.

Response: SIEs or not is not a factor or reason for such price difference. All the SIEs and non-SIEs are equal market participants and the company negotiated with them under the same condition.

- c) If your supplier is based outside China, what import duty rate is applied on the raw materials (i.e. iron and steel or other raw material)?

Response: The company import iron ore from suppliers outside China, and the import duty for iron ore is 0%.

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

Response: The company doesn't benefit from any concession on the purchase of any utility services.

7. Regional differences

- a) If you have production facilities in more than one region/province, are the laws and regulations in each region the same with respect to pricing? Provide details on any regional differences.

Response: We don't think there are any pricing restrictions or limitations on the sales of steel products in China, thus, no matter where your production facilities are located, the laws and regulations are the same.

8. Iron and steel products production/output during the investigation period

- a) Is any part of your production of iron and steel products subject to any national/regional industrial policy or guidance? If so, provide details including a background of the policy/guidance and explain any restriction imposed by the policy/guidance.

Response: None of our production of iron and steel products is subject to any national/regional industrial policy or guidance.

- b) To what extent are any of the policies/guidelines identified in a) applicable to your business?

Response: Not applicable. Please refer to the answer to question a) above.

- c) Where applicable, how did your business respond to the policies/guidelines?

Response: Not applicable. Please refer to the answer to question a) above.

- d) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, use, etc.) to the sale of iron and steel products that may be imposed by the GOC.

Response: There aren't any other restrictions to the sale of iron and steel products that imposed by the GOC.

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

Response: Please refer to [**CONFIDENTIAL Exhibit H-3.8.e): List of domestic customers**]. The company has no information source to identify whether or not the customer is an SIE.

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

- f) 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 so, provide details.

Response: There aren't any restrictions and/or conditions in relation to the quality

or quantity of the production of the goods placed upon our company.

g) Does your business require an export licence? If so, provide details.

Response: The company doesn't require an export license.

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

Response: The goods sold by the company aren't subject to any export restrictions and/or limits during the previous 5 year.

i) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, end use) placed upon your business on the sale of the goods.

Response: There aren't any other restrictions placed upon our company on the sale of the goods.

j) Have there been any changes to your production capacity of the goods over the last 5 years? If so, provide details.

Response: There haven't been any changes to our production capacity of the goods over the last 5 years.

9. Sales price during the investigation period

a) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the GOC during the investigation period, with respect to domestic iron and steel prices.

Response: The company hasn't been subjected to any direct or indirect price guidance or controls by the GOC during the investigation period, with respect to domestic iron and steel prices.

b) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the GOC during the investigation period, with respect to raw material inputs (i.e. iron and steel, etc.).

Response: The company hasn't been subjected to any direct or indirect price guidance or controls by the GOC during the investigation period, with respect to raw material inputs.

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

Response: The company hasn't encountered any price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.

- d) Describe in detail how the selling price of the goods is determined. In particular, provide details of any restrictions, limitations, or other considerations imposed on your business.

Response: The selling price of the goods is determined by negotiation with the customers with reference to the market situation. There aren't any restrictions, limitations, or other considerations imposed on our company.

- e) Which organisation/business entity do you consider as the price leader of the goods?

Response: We don't think there is any price leader of the goods in the market.

- f) Does your business have a pricing committee in respect of the goods? If so provide the names and positions of all members of the Committee.

Response: The company doesn't have a pricing committee in respect of the goods.

- g) 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 investigation period.

Response: Not applicable. Please refer to the answer to question g) above.

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

Response: The sales manager is the one who authorises the sales terms, prices and other contract provisions for the sale of the goods.

- i) 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 not, provide details on the differences.

Response: The laws and regulations in different regions are the same with respect to pricing of the goods.

10. Adding capacity and/or joint ventures

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

Response: The company doesn't have any plan to adding capacity or establishing joint venture, thus, we have no knowledge about the mentioned approval process.

- b) 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.

Response: Not applicable.

11. Steel billet

Only answer the following questions if your business, or related businesses, purchase steel billet

- (i) Provide a detailed listing of your steel billet purchases by completing the 'Steel Billet Purchases' tab of the attached spreadsheet.

Response: Please refer to the spreadsheet [**CONFIDENTIAL Steel Billet Purchase**].

[Information contained in the above exhibit cannot be susceptible to a meaningful non-confidential summary. Since these information are related to the Company's commercial activities and sensitive business information, disclosure of which could harm the Company's market and competitive position.]

- (ii) Do you have more than one supplier of steel billet? If so, provide an explanation of the reasons of price differences between these suppliers?

Response: Not applicable. [**CONFIDENTIAL: description of suppliers of steel billet**].

- (iii) Describe in detail your business' purchase procedures of steel billet and the considerations in selecting a supplier. If it is by tenders, provide details of the criteria/conditions.

Response: As the same purchase procedure of other raw materials, the company purchases from the open market and lays down the sales term via negotiation.

- (iv) If steel billet is imported by your business, or related businesses:
- i. Provide details including a description of the steel billet imported, the supplier and country of origin.
 - ii. Explain the process required to steel billet (e.g. obtaining an import licence, import declarations).
 - iii. Provide details of any conditions to importing the steel billet (e.g. customs and/or quarantine).
 - iv. Is your business eligible for a duty drawback? If so, provide details.

Response: Not applicable. The steel billet is domestically procured.

**SECTION I
EXPORTER'S DECLARATION**

I hereby declare that.....(company) did, during the period of investigation export the goods under consideration and 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.

I hereby declare that.....(company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name :.....

Signature :.....

**Position in
Company** :.....

Date :.....

**SECTION J
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	<input checked="" type="checkbox"/>
TURNOVER – sales summary	<input checked="" type="checkbox"/>
AUSTRALIAN SALES – list of sales to Australia	<input checked="" type="checkbox"/>
DOMESTIC SALES – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
THIRD COUNTRY – third country sales	<input checked="" type="checkbox"/>
PRODUCTION – production figures	<input checked="" type="checkbox"/>
DOMESTIC COSTS – costs of goods sold domestically	<input checked="" type="checkbox"/>
AUSTRALIAN COSTS – costs of goods sold to Australia	<input checked="" type="checkbox"/>

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 upon 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 domestic prices paid for the goods under consideration 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 eg. power, supplies, indirect labour and fixed costs eg. factory rent, factory insurance, factory depreciation etc.

Financial Contribution

There is a "financial contribution" by a government where:

- (a) a government practice involves a direct transfer of funds (grants, loans, and equity infusion), potential direct transfer of funds or liabilities (e.g. loan guarantees);
- (b) government revenue that is otherwise foregone or not collected (e.g. fiscal incentives such as tax credits);
- (c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- (d) a government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions illustrated in (a) to (c) above which would normally be vested in the government and the practice, in no real sense, differs from practices normally followed by the government.

Government of China (GOC)

Any level of Chinese government, including central, provincial, municipal, county or any other level of government.

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 seller's 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 CIP	carriage paid to 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 the goods at the customers 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)

Investigation 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 under consideration or that, although not alike in all respects have characteristics closely resembling those of the goods under consideration. 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 upon all costs to make and sell the goods. Profit may also be included if the sales on the domestic market are profitable. 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.

Related Parties

See "Associated Companies" above.

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.

State-owned or state-invested enterprise (SOE / SIE)

For the purposes of this questionnaire, SOE refers to any company or enterprise that is wholly or partially owned by the GOC as defined above (either through direct ownership or through association).

In previous investigations and correspondence, the GOC has advised that the use of the term 'SOE' is declining in China, and that these enterprises are now referred to with terms such as:

- 'enterprises with state investment'
- 'state-owned assets'
- 'state-invested enterprises'
- 'enterprises under the supervision of SASAC'

of which there are several types.

For the purposes of this questionnaire, SOE refers to any and all of the above types of enterprises.

Subsidy

In relation to goods that are exported to Australia, means:

- (a) a financial contribution:
- (1) by a government of the country or export or country of origin of those goods; or
 - (2) by a public body of that country or of which government is a member; or
 - (3) by a private body entrusted or directed by that government or public body to carry out a governmental function;

that is made in connection with the production, manufacture or export of those goods and that involves:

- (4) a direct transfer of funds from that government or body to the enterprise by whom the goods are produced, manufactured or exported; or
- (5) a direct transfer of funds from that government or body to that enterprise contingent upon particular circumstances occurring; or
- (6) the acceptance of liabilities, whether actual or potential, of that enterprise by that government body; or

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- (7) the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) due to that government or body by that enterprise; or
- (8) the provision by that government or body of goods or services to that enterprise otherwise than in the course of providing normal infrastructure; or
- (9) the purchase by that government or body of goods provided by that enterprise; or

(b) any form of income or price support as referred to in Article XVI of the General Agreement Tariffs and Trade 1994, that is received from such a government or body;

if that financial contribution or income or price support confers a benefit in relation to those goods.

SECTION I

EXPORTER'S DECLARATION

I hereby declare that Shandong Shiheng Special Steel Group Co., Ltd. did, during the period of investigation export the goods under consideration and 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.

I hereby declare that.....(company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name: RAN MIN

Signature: 

Position in Company: Marketing Department Manager

Date: 2015-8-13