



## EXPORTER QUESTIONNAIRE

### STEEL REINFORCING BAR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

**Period of Investigation:** 1 JULY 2014 – 30 JUNE 2015

**Response due by:** 29 January 2016

**Important note:** The Commissioner will reject all requests for a longer period to provide a response to this exporter questionnaire received after this date. Extensions requested before this date will *only* be agreed to where necessary and reasonable.

If your company is a manufacturer or exporter of Steel Reinforcing Bars from China during the investigation period of 1 July 2014 to 30 June 2015 and you wish to participate in the investigation, please email [operations4@adcommission.gov.au](mailto:operations4@adcommission.gov.au). The Commission will then forward the spreadsheets that accompany this questionnaire for you to complete. Please be aware that all responses to the exporter questionnaire are due by 29 January 2016 so please request the spreadsheets as soon as possible.

#### CASE CONTACT

**Case Manager:** Sanjay Sharma

**Phone:** (02) 6276 1462

**Fax:** (03) 8539 2499

**E-mail:** [operations4@adcommission.gov.au](mailto:operations4@adcommission.gov.au)

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

#### RETURN OF QUESTIONNAIRE DETAILS

**Preferably by email to:** [operations4@adcommission.gov.au](mailto:operations4@adcommission.gov.au)

**Or by mail  
(CD-ROM or USB):**  
Attention: Director Operations 4  
Anti-Dumping Commission  
Level 10 Industry House  
10 Binara Street  
Canberra ACT2600  
Australia

# TABLE OF CONTENTS

<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>THE GOODS UNDER CONSIDERATION.....</b>	<b>3</b>
<b>BACKGROUND AND GENERAL INSTRUCTIONS .....</b>	<b>4</b>
WHY YOU HAVE BEEN ASKED TO FILL OUT THIS QUESTIONNAIRE? .....	4
WHAT HAPPENS IF YOU DO NOT RESPOND TO THIS QUESTIONNAIRE?.....	4
DUE DATE FOR RESPONSE.....	4
CONFIDENTIAL AND NON-CONFIDENTIAL SUBMISSIONS.....	5
EXPORTER'S DECLARATION.....	5
VERIFICATION OF THE INFORMATION THAT YOU SUPPLY .....	6
IF YOU DO NOT MANUFACTURE THE GOODS .....	6
IF YOU DO NOT EXPORT THE GOODS.....	6
OUTLINE OF INFORMATION REQUIRED BY THIS QUESTIONNAIRE .....	6
GENERAL INSTRUCTIONS FOR PREPARING YOUR RESPONSE .....	7
INSTRUCTIONS ON PROVIDING ELECTRONIC DATA .....	7
FURTHER INFORMATION.....	7
<b>SECTION A - GENERAL INFORMATION .....</b>	<b>8</b>
A-1 IDENTITY AND COMMUNICATION.....	8
A-2 REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION.....	8
A-3 COMPANY INFORMATION .....	9
A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION .....	10
A-5 PRODUCTION PROCESS AND CAPACITY .....	11
A-6 PRODUCTION CAPACITY DATA.....	12
A-7 INCOME STATEMENT .....	13
A-8 TURNOVER .....	15
<b>SECTION B - SALES TO AUSTRALIA.....</b>	<b>16</b>
B-1 CUSTOMERS.....	16
B-2 CUSTOMER DETAILS.....	16
B-3 AUSTRALIAN SALES.....	17
B-4 OTHER FACTORS .....	18
B-5 DELIVERY TERMS.....	19
B-6 SHIPMENT DOCUMENTATION .....	19
<b>SECTION C - SUBSIDISATION.....</b>	<b>20</b>
PART C-1 PROVISION OF INPUTS AT LESS THAN ADEQUATE REMUNERATION .....	22
<i>Programs 1 – 3: Raw materials (Steel Billet, Coking Coal and Coke).....</i>	22
<i>Program 4: Electricity.....</i>	23
PART C-2 PREFERENTIAL TAX PROGRAMS.....	24
<i>Programs 5 – 7: Preferential income tax programs.....</i>	24
<i>Programs 8 - 9: Tariff and VAT Exemptions on Imported Materials and Equipments.....</i>	27
PART C-3 GRANTS .....	30
PART C-4 EQUITY PROGRAMS.....	32
<i>Program 43: Debt for equity swaps .....</i>	32
<i>Program 44: Equity infusions .....</i>	35
<i>Program 45: Unpaid dividends .....</i>	37
PART C-5 PREFERENTIAL LOANS AND INTEREST RATES .....	39
PART C-6 MISCELLANEOUS PROGRAMS .....	40
PART C-7 ANY OTHER PROGRAMS .....	43
<b>SECTION D - EXPORTER'S DECLARATION .....</b>	<b>45</b>
<b>SECTION E - CHECKLIST .....</b>	<b>46</b>
<b>APPENDIX 1 - GLOSSARY OF TERMS.....</b>	<b>47</b>

## THE GOODS UNDER CONSIDERATION

### Goods Description

The goods under consideration (“the goods”) i.e. the goods exported to Australia at allegedly at dumped prices and in receipt of subsidies, 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.”*

### Tariff classification

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

- Tariff subheading 7213.10.00 with statistical code 42
- Tariff subheading 7214.20.00 with statistical code 47
- Tariff subheading 7227.90.10 with statistical code 69
- Tariff subheading 7227.90.90 with statistical code 42 until 31 Dec 2014
- Tariff subheading 7227.90.90 with statistical code 01, 02, 04 from 1 Jan 2015
- Tariff subheading 7228.30.10 with statistical code 70
- Tariff subheading 7228.30.90 with statistical code 40 from 1 July 2015
- Tariff subheading 7228.30.90 with statistical code 49 until 30 Jun 2015
- Tariff subheading 7228.60.10 with statistical code 72

## BACKGROUND AND GENERAL 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) in receipt of countervailable subsidies, and that the subsidised exports has caused material injury to the Australian industry.

The Commission will use the information you provide to determine subsidies over the investigation period (1 July 2014 to 30 June 2015). This information will determine whether steel reinforcing bar (Rebar) is subsidised. You may make separate submissions concerning any other matter, for example injury.

The Commission 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 or do not provide all information sought by the due date, the Commission will not be able to verify the information, and the Commission 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), and it may assess a subsidy margin for your company based upon subsidies that may be the highest rate 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.

The Commissioner must consider the Direction from the Minister for Industry, Innovation and Science as set out in the *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Direction). This Direction sets out the particular considerations that the Commissioner must take into account when:

- deciding whether a longer period is reasonably required or practicable under subsections 269TC(6) and 269TC(9) of the *Customs Act 1901* (the Act), or considering whether to allow any interested party a longer period to give any response;
- considering an insufficient response from an interested party;
- determining whether to have regard to a late response;
- determining whether an exporter is an uncooperative exporter;
- determining whether or not an entity is a non-cooperative entity for the purposes of section 269TAACA; and
- determining whether an entity has significantly impeded a case.

## **PUBLIC RECORD**

The full text of the Direction and the accompanying explanatory statement is available at [www.comlaw.gov.au](http://www.comlaw.gov.au). This and other reforms to Australia's anti-dumping system are explained in Anti-Dumping Notice No. 2015/129, available on the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

If you cannot lodge your responses 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 public record version of your submission will be placed on the public record.

Please note, Australia's anti-dumping and countervailing 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 and countervailing 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 case manager before the due date.

### **Exporter's declaration**

At Section D, 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. 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 case manager 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 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**

<b>Section A</b>	General information relating to your company including financial reports.
<b>Section B</b>	A complete list of your company's exports to Australia over the investigation period.
<b>Section C</b>	Information regarding subsidisation programs relevant to your company
<b>Section D</b>	Your declaration
<b>Section E</b>	Exporter questionnaire response checklist
<b>Appendix 1</b>	A glossary of terms used in this questionnaire

## **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.
- 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 or USB. If you cannot present electronic data in the requested format contact the investigation case manager as soon as possible.
- 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). Excel files must be compatible to the USA version.
- An Excel workbook, “**Exporter Questionnaire – CV – Rebar**” accompanies this questionnaire and forms a template for your response to the data requested. The workbook is referred to throughout this questionnaire as appropriate. This workbook should be completed and used to provide the requested data where possible.

## **Further information**

Before you respond to the questionnaire you should read all the key documentation related to this application including the applicant's non-confidential submission and the Anti-Dumping Notice notifying the initiation of the investigation. These documents are available on the Commission's website (case number 322), [www.adcommision.gov.au](http://www.adcommision.gov.au)

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 case manager.



## **SECTION A - GENERAL INFORMATION**

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:	<a href="mailto:13562851180@139.com">13562851180@139.com</a>

*Factory:*

Address:	Shiheng, Feicheng, Taian, Shandong
Telephone:	+86 (538) 3693237
Facsimile number:	+86 (538) 3694098
E-mail address of contact person:	<a href="mailto:13562851180@139.com">13562851180@139.com</a>

**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
Telephone:	+86 13520237767
Facsimile/Telex number:	+86 (10) 5813 7788



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E-mail address of contact person: [fumao.hu@dachenglaw.com](mailto: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](mailto: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. Please provide the ownership history of your company since 1 January 2005. For example: Did your company change its name during this time? If so, please detail the company's previous name(s)? Has your company evolved through a split or a merger with another company? Please provide details of these structural changes.

**Response:** Please refer to [CONFIDENTIAL Exhibit A-3.2: Ownership history] for the requested information.

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

**Response:** The owners are: [CONFIDENTIAL, shareholding structure].

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

**Response:** The principal shareholders of [CONFIDENTIAL, name of parent company] are: [CONFIDENTIAL, name of the shareholders of parent company].

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

**Response:** Not applicable.

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6. 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-3.6: Diagram of affiliated companies].

7. 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.

8. 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.

9. 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.

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

**Response:** Please refer to [CONFIDENTIAL, Exhibit A-3.10: Internal organization chart].

11. Provide a copy of your most recent annual reports for the last 2 years together with any relevant brochures or pamphlets on your business activities (translated into English).

**Response:** Please refer to [CONFIDENTIAL, Exhibit A-3.11.1: Audit report 2013 and 2014 of Shiheng Steel] and Exhibit A-3.11.2: Brochure.

### A-4 General accounting/administration information

1. Indicate your accounting period.

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

## PUBLIC RECORD

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 attach an English version of the **audited accounts** including balance sheets, profit and loss accounts, inventory and all notes and auditor's opinion covering the investigation period and the two preceding financial years. If applicable, you should also provide copies of the consolidated financial statements for the same periods, if your company is part of a group of companies. In case auditing has not yet taken place, please send provisional accounts.

**Response:** Please refer to Exhibit A-3.11.1 as provided above for the requested **audited financial statements in 2013 and 2014**. Please refer to [CONFIDENTIAL, **Exhibit A-4.3: Financial statements June 2015 of Shiheng Steel**].

4. Please attach **management accounts** or internal management reports for these periods.

**Response:** Not applicable.

5. Please also attach copies of your (corporate) income **tax statements** and any other tax statements of your company and the corresponding **tax returns** for the investigation period and the preceding two financial years.

**Response:** Please refer to [CONFIDENTIAL, **Exhibit C-2.18: Income tax return**].

6. If your company sells via a **related company**, please provide the accounts of that company.

**Response:** Not applicable.

7. Please provide an English version of the **chart of accounts** for each entity within the organisation that is involved with the production and/or sale of the product under investigation.

**Response:** Please refer to [CONFIDENTIAL, **Exhibit A-4.7: Chart of accounts of Shiheng Steel**].

8. Please specify the depreciation method and periods used by your company for all kinds of assets (i.e. plant and buildings, machinery, equipment, etc.).

**Response:** Please refer to Note 10 to the Audit report of Shiheng in 2014 for the details concerning depreciation method and periods used for all kinds of assets.

### A-5 Production process and capacity

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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 [CONFIDENTIAL, Exhibit A-5: 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.

### A-6 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 tab labeled "Production" in the attachment "Exporter Questionnaire – CV – Rebar".

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

## A-7 Income statement

Please fill in the following table in the attachment “**Exporter Questionnaire – CV – Rebar**” on the tab labelled “**Income Statement**”. It requires information concerning all products produced and for the goods under consideration (*‘goods under consideration’* (the goods) is defined on page 4 of this questionnaire). 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
<b>Gross Sales (1)</b>				
Sales returns, rebates and discounts (2)				
<b>Net Sales (3=1-2)</b>				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
<b>Total cost to make (9=4+5+6+7+8)</b>				
<b>OPERATING INCOME (10=3-9)</b>				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
<b>SG&amp;A expenses (14)=(11+12+13)</b>				
<b>INCOME FROM NORMAL ACTIVITIES (15)=(10-14)</b>				
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)				
<b>PROFIT BEFORE TAX (20)=(15+16+17+18+19)</b>				
Tax (21)				
<b>NET PROFIT (22)=(20-21)</b>				

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.

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

## A-8 Turnover

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Please fill in the following table in the attachment “**Exporter Questionnaire – CV – Rebar**” on the tab labelled “**Turnover**”.

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 <b>(all products)</b>				
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 <b>goods under consideration</b>				
Domestic market				
Exports to Australia				
Exports to Other Countries				

*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].



## SECTION B - SALES TO AUSTRALIA

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory (EXW). 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.*

### B-1 Customers

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).

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

### B-2 Customer details

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 possible.

**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.

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- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP<sup>1</sup> 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).

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

### B-3 Australian Sales

Please fill in the following table in the attachment “**Exporter Questionnaire – CV – Rebar**” on the tab labelled “**Australian Sales**”. Please provide the following information 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
Model	Commercial model name
Product code	Code used in your records for the model/grade/type

<sup>1</sup> Delivered duty paid

## PUBLIC RECORD

	identified. Explain the product codes in your submission
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.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
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.
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
FOB export price**	The free on board price at the port of shipment.
Packing	Packing expenses
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: 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.

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

### B-4 Other Factors

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 – [17]” in question B-3) 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-5 Delivery Terms**

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-6 Shipment Documentation**

If not submitted your questionnaire response in relation to a concurrent dumping investigation (INV 300 refers), then 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;
- 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-6.1: Australian sample sales of Shiheng Steel].**

## SECTION C - SUBSIDISATION

The applicant alleges that producers in China of steel reinforcing bar have benefited from a number of subsidies granted by the Government of China (the GOC)<sup>2</sup>, and that these subsidies are countervailable.

### THE FOLLOWING PROGRAMS ARE BEING INVESTIGATED

Category	Program (number and description)
Part C-1: Provision of goods (Programs 1-4)	1. Billet provided by the Government of China at less than adequate remuneration
	2. Coking coal provided by the Government of China at less than adequate remuneration
	3. Coke provided by the Government of China at less than adequate remuneration
	4. Electricity provided by the Government of China at less than adequate remuneration
Part C-2: Preferential tax policies (Programs 5-9)	5. Preferential Tax Policies for High and New Technology Enterprises
	6. Preferential Tax Policies in the Western Regions
	7. Land Use Tax Deduction
	8. Tariff and VAT Exemptions on Imported Materials and Equipment
	9. VAT refund on comprehensive utilisation of resources
Part C-3: Financial grants (Programs 10-42)	10. One-time Awards to Enterprises Whose Products Qualify for "Well-Known Trademarks of China" and "Famous Brands of China"
	11. Matching Funds for International Market Development for small and medium size enterprises (SMEs)
	12. Superstar Enterprise Grant
	13. Research and Development (R&D) Assistance Grant
	14. Patent Award of Guangdong Province
	15. Innovative Experimental Enterprise Grant
	16. Special Support Fund for Non-State-Owned Enterprises
	17. Venture Investment Fund of Hi-Tech Industry
	18. Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment
	19. Grant for Key Enterprises in Equipment Manufacturing Industry of Zhongshan
	20. Water Conservancy Fund Deduction
	21. Wuxing District Freight Assistance
	22. Huzhou City Public Listing Grant
	23. Huzhou City Quality Award
	24. Huzhou Industry Enterprise Transformation & Upgrade Development Fund
	25. Wuxing District Public List Grant
	26. Anti-dumping Respondent Assistance
	27. Technology Project Assistance
	28. Transformation technique grant for rolling machine
	29. Grant for Industrial enterprise energy management - centre construction demonstration project Year 2009

<sup>2</sup> Meaning any level of government – refer to the Glossary of Terms for further information



**PUBLIC RECORD**

Category	Program (number and description)
	30. Key industry revitalization infrastructure spending in 2010
	31. Provincial emerging industry and key industry development special fund
	32. Environmental protection grant
	33. Environmental protection fund
	34. Intellectual property licensing
	35. Financial resources construction - special fund
	36. Reducing pollution discharging and environment improvement assessment award
	37. Grant for elimination of out dated capacity
	38. Grant from Technology Bureau
	39. High and New technology Enterprise Grant
	40. Independent Innovation and High Tech Industrialization Program
	41. Environmental Prize
	42. Jinzhou District Research and Development Assistance Program
Part C-4: Equity programs (Programs 43-45)	43. Debt for equity swaps
	44. Equity infusions
	45. Unpaid dividends
Part C-5: Preferential loans	46. Preferential loans and interest rates to producers/exporters of steel reinforcing bar
Part C-6: Miscellaneous programs (Programs 7-86)	47. "Project: Shortage of Coke oven gas heat efficient return Development and Application Technology"
	48. "Project: Finance Bureau of Independent Innovative technology funds"
	49. "Project: The first batch of industry and information technology development funds FY2014"
	50. "Project: Second five special funds for national support program"
	51. "Project: Major technical equipment special plate manufacturing support fund"
	52. "Project: The second batch of key industrial adjustment and revitalisation and transformation funds FY2009"
	53. "Project: Industrial enterprise energy management center demonstration project construction FY2009"
	54. "Project: Coke ovens 1-5 Gas desulfurization renovation project"
	55. "Project: Industrial park wastewater treatment and reuse project funding"
	56. "Project: 2011 environmental protection special fund"
	57. "Project: Special funds for energy conservation"
	58. "Project: Coke oven gas desulfurization improvement project"
	59. "Project: Special promotion with steel caster reconstruction funds for support"
	60. "Project: Water reuse project"
	61. "Project: 2010 Key Industry revitalization and transformation"
	62. "Project: Energy power plant waste heat heating reconstruction project grants"
	63. "Project: 320 sintering flue gas desulfurization project environmental protection fund"
	64. "Project: 400 sintering desulfurization funds"
	65. "2012 annual special funds for energy"
	66. "Coke oven No.1,2 & 5 tampers top-loading change project"
	67. "Project: 2010 provincial emerging industries and key industries Development Special Fund Project"
	68. "Regional Government economic incentives"
	69. "Set aside safely production capital Jinan City Bureau of Finance"
	70. "Nanshi Bureau of Water Resources water consumption units appraisal award funds"
	71. "City key projects mentioned standard award"

## PUBLIC RECORD

Category	Program (number and description)
	72. "E420 marine platform steel research and application projects"
	73. "Xuejiadao financial and tax refund payments"
	74. "Jinan City Bureau of Finance Cleaner Production special funds"
	75. "Security special funds"
	76. "Patent Development Grant funds"
	77. "Shandong Huimin Technology Development Co. Ltd R&D Funding"
	78. "National Pillar Program special funds"
	79. "Government allocated Industry Enterprises Award"
	80. "Enterprise workers vocational training allowance"
	81. "Municipal Export trade and economic development guide funds"
	82. "Income received from Commerce Bureau in 2012 to guide the development of foreign trade financing "
	83. "2013 Annual export credit insurance subsidies 9.12"
	84. "2013 Municipal foreign trade development guide funds"
	85. "Two by one guarantee funds to support foreign trade "
	86. "The financial return of funds"

### PART C-1 PROVISION OF INPUTS AT LESS THAN ADEQUATE REMUNERATION

#### Programs 1 – 3: Raw materials (Steel Billet, Coking Coal and Coke)

The applicant claims that public bodies (in the form of state-invested enterprises (SIEs<sup>3</sup>)) are supplying raw materials (steel billet, coking coal, coke), directly or indirectly, to manufacturers of steel reinforcing bar at less than fair value:

**Program 1:** Billet provided by the Government of China at less than adequate remuneration

**Program 2:** Coking coal provided by the Government of China at less than adequate remuneration

**Program 3:** Coke provided by the Government of China at less than adequate remuneration

In relation to these programs, provide the following information.

1. Describe the nature of your production process for steel reinforcing bar, including an itemised list of all raw materials used by your company in the process.

**Response:** Please refer to Exhibit A-5: Production process flowchart as provided above for the detailed information concerning production process. The raw materials used include: iron ore, coking coal, coke, lime, scrap steel etc.

2. Did your business or any company/entity related to your business receive any benefit under the above programs during the period **1 July 2011 to 30 June 2015**? If yes, provide details.

<sup>3</sup> For the purpose of this questionnaire State Owned enterprise (SOE) and State Invested Enterprise (SIE) are together referred to as SIE. The term SIE is defined in the glossary of this questionnaire.



## **PUBLIC RECORD**

**Response:** The company doesn't receive any benefit under the above programs during the period 1 July 2011 to 30 June 2015.

3. Does your business purchase any raw materials (e.g. steel billet, coking coal, coke) in the manufacture of steel reinforcing bar?

**Response:** Yes, the company purchases the above raw materials in the manufacture of steel reinforcing bar.

Provide responses to Question 4 and Questions 5 – 7 in the tables provided on the “**Raw Materials Purchases**” tab on the attached “**Exporter Questionnaire – CV – Rebar**”.

4. Provide data on a transaction-by-transaction basis, for all purchases of raw materials during the period 1 July 2014 to 30 June 2015. This data should be provided for all purchases, not only those of Chinese origin (i.e. include imported materials as well). In the list, please be sure provide a contact name and address, of all your suppliers of raw materials and indicate whether the supplier is a SIE.

Please add more space for additional suppliers and/or categories of product as required.

5. Did your business receive any reduction/reduced price for the purchase of these goods/services during the investigation period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.
6. Provide copies of all contractual agreements that detail the obligations of the SIE and your business with reference to the granting and receipt of the assistance/benefits.
7. If your business purchased imported raw materials, explain the reason/s for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

**Response:** Please refer to the spreadsheet **Raw Materials Purchases**.

### **Program 4: Electricity**

The applicant claims that public bodies (in the form of state invested enterprises (SIEs)) are supplying electricity, directly or indirectly, to manufacturers of steel reinforcing bar at less than adequate remuneration.

1. Does your business or related business purchase electricity to manufacture steel reinforcing bar? If not, what alternative power source is used in the production of steel reinforcing bar?

**Response:** Yes, the company purchases electricity to manufacture steel reinforcing bar.

## PUBLIC RECORD

Please answer Questions 2 - 5 in relation to your purchases of electricity from 1 July 2014 to 30 June 2015 in the “Electricity” tab in the “Exporter Questionnaire – CV – Rebar” workbook.

2. Provide all individual payments your company made for electricity during the investigation period and **provide copies of invoices and evidence of payment for each**. In the transaction list, be sure to provide a list, including a contact name and address, of all your suppliers of electricity, including those purchased through related businesses and indicate whether the supplier is a SIE and provide evidence supporting this.

**Response:** Please refer to the spreadsheet [CONFIDENTIAL, Electricity] and [CONFIDENTIAL, Exhibit C-1.2: Electricity purchase invoices and payment proof].

3. Did your business receive any reduction/reduced price for the purchase of electricity during the investigation period? If so, provide details of the reduction/reduced price and describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the electricity.

**Response:** Shiheng did not receive any reduction or reduced price for the purchase of electricity during the investigation period.

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

**Response:** There are not contractual agreements.

5. It is understood that the Government of China (GOC) determines the price for electricity in China (refer China’s Accession to the WTO document where prices for utilities are confirmed as subject to governmental control). How does the price of electricity in your province differ to the price established by the GOC?

**Response:** The company, as a common consumer, has no idea about the price differences in our province and that established by the GOC. We simply purchase the electricity from open market. The company is not in a proper position to answer the above question.

## PART C-2 PREFERENTIAL TAX PROGRAMS

### Programs 5 – 7: Preferential income tax programs

Please complete questions 1 and 5 – 16 in the “Income Tax Programs” tab on the attached “Exporter Questionnaire – CV – Rebar”.

## PUBLIC RECORD

1. Did your business or any company/entity related to your business receive any benefit<sup>4</sup> under the following income tax programs identified above during the investigation period (1 July 2014 to 30 June 2015).

**Program 5:** Preferential Tax Policies for High and New Technology Enterprises

**Program 6:** Preferential Tax Policies in the Western Regions

**Program 7:** Land Use Tax Deduction

**Response:**     The Company did not receive any such benefits.

**Program 5:** The corporate income tax rate applicable to Shiheng is 25%, which is consistent to the general tax rate for enterprises in China. Thus, Program 5 concerning preferential tax policies for high and new technology enterprises is not applicable.

**Program 6:** Shiheng is located at Tai'an in Shandong Province, the east part of China, thus, Program 6 concerning preferential tax policies in the western regions is not applicable.

**Program 7:** Shiheng did not receive any land use tax deduction during the investigation period. Thus, Program 7 concerning land use tax deduction is not applicable.

2. It is our understanding that the general tax rate for enterprises in China from 1 July 2010 was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China from 1 July 2010, indicating any changes in the taxation rate over the period July 2010 – December 2015.

**Response:**     Shiheng confirms that the general corporate income tax rate is 25%. There were no changes to this rate over the period July 2010 - December 2015.

3. If your business currently pays corporate income tax at a rate less than 25% (or whatever the rate of general tax is as discussed above), or paid at a rate less than that during the investigation period, please indicate whether the reduced rate relates to any of the preferential income tax programs identified above.

**Response:**     Not applicable.

4. If the income tax rate of less than the general rate does not relate to any of the programs identified above, please provide an explanation for the reduced income tax rate and answer the questions in Part C-2 (1) above in relation to the income tax rate reduction.

**Response:**     Not applicable.

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<sup>4</sup> Refer to the Glossary of Terms for a definition of benefit in this context.

## PUBLIC RECORD

For **each program** that you have identified above as conferring benefit on your entity, answer the following.

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

## PUBLIC RECORD

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

17. For each taxation year from 2011 to 2015, complete the "**Income Tax**" tab in the "**Exporter Questionnaire – CV – Rebar**" workbook.

**Response:** Please refer to spreadsheet Inomce Tax.

18. Provide a copy, bearing the official stamp of the appropriate level of the GOC of all
- corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed for the 2011, 2012, 2013, 2014 and 2015 tax years; and
  - income tax instalment payment receipts, and all applicable income tax forms and schedules for the 2011, 2012, 2013, 2014 and 2015 tax years.

**Response:** Please refer to [CONFIDENTIAL, Exhibit C-2.18: Income tax return].

*Note: If your company did not file an income tax return in any of the tax years indicated, provide an explanation stating the reasons why you were exempt from filing such a return and the applicable section[s] of the Income Tax Act under which you were exempt from doing so.*

### **Programs 8 - 9: Tariff and VAT Exemptions on Imported Materials and Equipments**

It is our understanding that certain enterprises in China are eligible for exemption from the payment of import duty and import VAT on imported inputs, technologies and machinery, and VAT refunds on certain resources in the form of the following programs:

**Program 8:** Tariff and VAT Exemptions on Imported Materials and Equipment

**Program 9:** VAT refund on comprehensive utilisation of resources

If your business or any company/entity related to your business received benefits under any such program during the period 1 July 2005 to 30 June 2015, please answer the following questions.

**Response:** Neither Shiheng nor its related companies received any benefits under Program 8 or Program 9 during the period 1 July 2005 to 30 June 2015. Thus, the following questions are not applicable.

For the following questions, please provide responses to questions in the "**VAT and Tariff Programs**" tab in the "**Exporter Questionnaire – CV – Rebar**" workbook.

1. Did your company receive any benefit under the programs listed above or any other program related to Tariff or VAT exemptions or refunds?

## PUBLIC RECORD

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

## PUBLIC RECORD

15. If the program terminated has been substituted for by another program, identify the program.

For the following questions, please provide responses to questions in the **"VAT and Tariff Transactions"** tab in the **"Exporter Questionnaire – CV – Rebar"** workbook.

16. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the investigation period? If yes, provide the following information for each item that received a refund:

- (a) type of inputs;
- (b) cost of inputs;
- (c) quantity of inputs; and
- (d) amount of VAT refunded.

17. Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs at any time that were used in the production of the goods during the investigation period? If yes, provide the following information for each transaction:

- (a) description of imported product;
- (b) country of origin;
- (c) quantity of imported product;
- (d) purchase price;
- (e) terms of purchase (e.g. FOB, CIF);
- (f) ocean freight;
- (g) value for duty of imported product;
- (h) regular rate of taxes and/or duties;
- (i) concessionary rate of taxes and/or duties;
- (j) amount of duties and taxes normally applicable;
- (k) amount of duties and taxes paid;
- (l) amount of duties and taxes exempt;
- (m) date of importation;
- (n) tariff classification number;
- (o) customs entry number; and
- (p) application fee.

18. Provide sample documents for two items from two different quarters in the investigation period included in your response to Question 17. The sample documents should include:

- (a) copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods,
- (b) any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.



## PUBLIC RECORD

- (c) copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

### PART C-3 GRANTS

The Commission understands that the Government of China may be providing grants to enterprises in China including the following programs:

- Program 10:** One-time Awards to Enterprises Whose Products Qualify for “Well-Known Trademarks of China” and “Famous Brands of China”;
- Program 11:** Matching Funds for International Market Development for small and medium size enterprises (SMEs)
- Program 12:** Superstar Enterprise Grant
- Program 13:** Research and Development (R&D) Assistance Grant
- Program 14:** Patent Award of Guangdong Province
- Program 15:** Innovative Experimental Enterprise Grant
- Program 16:** Special Support Fund for Non-State-Owned Enterprises
- Program 17:** Venture Investment Fund of Hi-Tech Industry
- Program 18:** Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment
- Program 19:** Grant for Key Enterprises in Equipment Manufacturing Industry of Zhongshan
- Program 20:** Water Conservancy Fund Deduction
- Program 21:** Wuxing District Freight Assistance
- Program 22:** Huzhou City Public Listing Grant
- Program 23:** Huzhou City Quality Award
- Program 24:** Huzhou Industry Enterprise Transformation & Upgrade Development Fund
- Program 25:** Wuxing District Public List Grant
- Program 26:** Anti-dumping Respondent Assistance
- Program 27:** Technology Project Assistance
- Program 28:** Transformation technique grant for rolling machine
- Program 29:** Grant for Industrial enterprise energy management - centre construction demonstration project Year 2009
- Program 30:** Key industry revitalization infrastructure spending in 2010
- Program 31:** Provincial emerging industry and key industry development special fund
- Program 32:** Environmental protection grant
- Program 33:** Environmental protection fund
- Program 34:** Intellectual property licensing
- Program 35:** Financial resources construction - special fund
- Program 36:** Reducing pollution discharging and environment improvement assessment award
- Program 37:** Grant for elimination of out dated capacity
- Program 38:** Grant from Technology Bureau
- Program 39:** High and New technology Enterprise Grant
- Program 40:** Independent Innovation and High Tech Industrialization Program
- Program 41:** Environmental Prize
- Program 42:** Jinzhou District Research and Development Assistance Program

For the following questions, please provide responses to questions in the "**Grants**" tab in the "**Exporter Questionnaire – CV – Rebar**" workbook.

## PUBLIC RECORD

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period **1 July 2010 to 30 June 2015**?

**Response:** Please refer to spreadsheet: [CONFIDENTIAL, Grants] for all grants received by Shiheng during the period 1 July 2010 to 30 June 2015. Shiheng provided all required information in the following question 3 to 17. However, Shiheng does not have complete records or knowledge of all application forms, procedures or regulations applicable to all the programs concerned. Shiheng has accumulated all the available documents, to its best ability, from its corporate archivals. For each grant, we provided [CONFIDENTIAL, Exhibit C-3: Approval or policy documents for grants].

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period **1 July 2010 to 30 June 2015**?

**Response:** Besides the grants provided above, the company doesn't receive any benefits under any other grants during the period 1 July 2010 to 30 June 2015.

For each program identified in your answer to 1 and 2 above, answer the following questions:

3. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.
4. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production, or only certain products that have undergone research and development).
5. Describe the application and approval procedures for obtaining a benefit under the program.
6. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the Government of China in relation to the program.
7. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
8. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
9. State whether your eligibility for the program was conditional on one or more of the following criteria:
  - a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;

## PUBLIC RECORD

- c) the industry to which your business belongs; or
- d) the region in which your business is located.

10. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
11. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
12. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
13. To your knowledge, does the program still operate or has it been terminated?
14. If the program has been terminated, please provide details (including when and why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

15. Identify the body responsible for administering the grant.
16. Identify the date of approval of the grant and the date the grant was received.
17. Indicate where the grant was accounted for on your business' financial statements.

## PART C-4 EQUITY PROGRAMS

The Commission understands that the Government of China may be providing assistance in the form of equity programs that may constitute countervailable subsidies for Chinese suppliers of steel reinforcing bar. These programs are:

- Program 43:** Debt for equity swaps
- Program 44:** Equity infusions
- Program 45:** Unpaid dividends

**Response:** Shiheng Steel did not involve in these equity programs (Program 43-45) or received any benefits from equity programs. Thus, questions in PART C-4 are not applicable.

### Program 43: Debt for equity swaps

According to the applicant, the debt for equity swap was a measure used in the financial restructuring of China's State-owned steelmakers to State-owned commercial banks (SOCBs). Pursuant to the *Regulations on Financial Asset Management Companies (promulgated by decree on 20 November 2000)*, the State Council established four Asset Management Companies (AMCs) that were directed to purchase certain non-performing loans from SOCBs. The four AMCs were supervised and managed by the People's Bank of China, China's Ministry of Finance and the China Securities Regulatory Commission. One of the authorised business activities available for the management of non-performing loans purchased by the AMCs was the debt for equity swap. A debt for equity swap is a transaction in which a creditor, in this case an AMC, forgives some or all of a company's debt in exchange for equity in the company.

Provide complete replies to the following questions with regard to debt-for-equity transactions concerning your company and any other related company from 1 July 2005 to 30 June 2015.

1. Describe in detail each transaction with all the steps leading to the debt cancellation in exchange for equity, including the role of all of the government and non-government entities involved in each transaction (e.g. AMCs, SOCBs, steel companies).

Provide answers to Questions 2 – 14 and Question 16 in the the tab labelled **"Debt-to-equity"** in the attached file named **"Exporter Questionnaire – CV – Rebar"**.

2. On a loan by loan basis, provide the following:
  - a. The amount of the outstanding loans due by your company directly or indirectly to the GOC or to SOCBs cancelled and swapped for equity,
  - b. the terms of the loans and the interest due on the loan,
  - c. the duration and maturity of the loan,
  - d. the amount of late interest payments or other arrears on the loan, and
  - e. the amount of the interest saved.
  - f. the amount of equity received in exchange by the GOC directly or through controlled corporations such as the AMCs,
  - g. the number of shares issued,
  - h. a description of the shares (e.g. common shares, preferred shares),
  - i. the nominal value of the shares,
  - j. and the company's debt-to-equity ratio before and after the swap.
  - k. the dates of the transactions.

## PUBLIC RECORD

Also, provide the following information for each “swapped” debt:

3. How did your company determine the amount of equity to be issued and the per share price to be paid?
4. Explain how the transaction was reflected in the financial statements and provide underlying evidence.
5. The source of funds to finance these transactions, including the percentage of public vs. private sources.
6. How the proceeds from the debt-for-equity swap were used by your company.
7. Provide the relevant original loan contracts between the steel company and the GOC or SOCBs and any contracts, legal documents, and other relevant correspondence containing details on the debt for equity transaction.
8. Provide documentation relevant to the decision concerning each debt for equity transaction, including in particular all the documents detailing the rationale for the transaction and the underlying financial details, e.g. the relevant rate of return sought by the lender and/or shareholders, the projections of sales and earnings relating to the company operations prior to the debt for equity conversion, etc.
9. Provide internal company documents relating to the debt-for-equity transactions, such as Board of Directors' approval decisions and minutes, Board of Supervisors' approval decisions and minutes, Shareholders' meetings approval decisions and minutes etc.
10. Provide documentation relevant to the decision as to the source of funds to finance your operations, e.g., debt vs. equity financing and private vs. government sources.
11. Explain in detail how was the amount of equity to be issued in exchange for debt determined and the per share price to be paid. If the shares involved in the swap were publicly traded, please provide the relevant prices at the moment of the transaction.
12. Explain the expected commercial rate of return on equity sought by the government and its calculation and provide any study and analysis carried out by independent parties on this issue.
13. Provide a list of all equity investments made by private (i.e. non-government) entities contemporaneous with the government's investment or debt-to-equity swap, if any. Please provide the dates, the numbers of shares, the amount paid per share for each purchase, and a description of the rights and preferences of the equity interests received by these private entities and how

## PUBLIC RECORD

these differ from the rights and preferences of the equity interests received or held by the government.

14. Provide a list of any attempt made by your company to obtain private equity investment and/or agreements involving private equity investments which were then not finalised for whatever reasons. Describe the circumstances of these attempts and/or agreements, and the reasons they were not achieved.
15. Please provide complete, translated audited financial statements for the year of each government equity investment for each of the government entities involved in the transactions, including SOCBs and AMCs. The financial statements should include the complete set of statements, e.g., income statement, balance sheet, statement of change in equity footnotes, and must be accompanied by the auditors' opinion.
16. Please calculate the following financial ratios for your company for each year in which an equity investment was received and for the preceding three years: current ratio, quick ratio, gross profit, operating profits, net profits, return on equity, debt-to-equity, debt-to-assets, interest/debt coverage, and cash flow to debt.

### Program 44: Equity infusions

The applicant alleges that the GOC has provided over the years substantial amounts of cash to steel companies producing/exporting the product under investigation through equity infusions. According to the complainant, the GOC acquired shares in companies in which it was already the main shareholder without acquiring additional shareholder rights.

With regard to equity infusions into your company involving directly or indirectly the GOC and/or SOCBs and/or SOEs, please provide the following information since 2005 until 30 June 2015.

Please provide answers to the following questions in the attachment named **“Exporter Questionnaire – CV – Rebar”** on the tab labelled **“Equity infusions”**.

1. For Government Equity infusions, please provide the following information regarding the share issue for the equity infusion:
  - (a) the consideration paid,
  - (b) the amount of equity received by the GOC,
  - (c) the name of the GoC entity receiving the shares (can be directly or through controlled corporations),
  - (d) the number of shares issued,
  - (e) a description of the shares (e.g. common shares, preferred shares), and
  - (f) and the date of each transaction.
2. Provide all documentation relevant to your decision concerning each equity infusion, including documents detailing the rationale for the transactions and all of the underlying financial details, e.g. the relevant rate of return sought by the investor(s), projections of sales and earnings relating to the company operations prior to the equity infusion, etc.

## PUBLIC RECORD

3. Provide details of:
  - (a) How did your company determined the amount of equity to be issued and the per share price to be paid?
  - (b) How the transaction was reflected in the financial statements and provide underlying evidence?
  - (c) The source of funds to finance these transactions, including the percentage of public vs. private sources.
  - (d) How the proceeds from the share issued were used by your company?
  - (e) If the shares of the company involved were publicly traded, what was the relevant price at the moment of the equity infusion?
  - (f) What was the expected commercial rate of return on equity sought by the government entity?
  - (g) How did it calculate its expected rate of return? Provide any study and analysis carried out by independent parties.
  
4. For equity investments made by Government, provide details of private (i.e. non-government entities) equity investments made contemporaneously with the Government's equity infusion, including:
  - (a) the dates,
  - (b) the numbers of shares,
  - (c) the amount paid per share for each purchase,
  - (d) a description of the rights and preferences of the equity interests received by these private entities,
  - (e) how these differ from the rights and preferences of the equity interests received or held by the government, and
  - (f) a description of the circumstances and of any agreements related to these private equity purchases including the role played by the government or entities controlled or owned by the government in the negotiation and/or fulfilling of said agreements.

Agreements, notes, or other information related to these purchases should be provided.
  
5. Provide a list of any attempt made by your company to obtain private equity investment and/or agreements involving private equity investments which were then not finalised for whatever reasons. Describe the circumstances of these attempts and/or agreements, and the reasons they were not achieved.
  
6. Please calculate the following financial ratios for your company for each year in which an equity investment was received and for the preceding three years: current ratio, quick ratio, gross profit, operating profits, net profits, return on equity, debt-to-equity, debt-to-assets, interest/debt coverage, and cash flow to debt.



**Program 45: Unpaid dividends**

The Commission understands that according to GOC policy, state-owned enterprises including the steel companies producing/exporting the goods under consideration do not have to pay dividends to the government as their owner, even when they earn profits. The applicant claims that unpaid dividends should be considered as a disguised grant or as revenue forgone because the GOC does not collect dividends that are normally paid to private investors on their shares.

Please provide the following information:

1. The relevant provisions on distribution of dividends contained in the legislation, in administrative documents, and in any other official documents.
2. The practice and policy on dividend distributions contained in your company documents, including the by-laws, resolutions of the shareholders or the board of directors, minutes of the meeting, shareholders' agreements etc.

For the following questions, please answer the questions in the “**Unpaid dividends**” tabs of the workbook “**Exporter Questionnaire – CV – Rebar**”.

3. A list of all dividend distributions to Government entities effected by your company during the investigation period and for the years 2011, 2012, 2013 2014 and 2015, detailing:
  - a) the description of the dividend transactions,
  - b) the date of the dividend transactions
  - c) the a description of the various categories of shares involved (e.g. common shares, preference shares, special classes of shares etc.)
  - d) the specific rights attached to the shares,
  - e) the amount distributed as dividends per each category of share,
  - f) the per-share dividend paid out for each category of share,
  - g) the number and class of shares held by the government,
  - h) the percentage of profits distributed per each class of share to the GOC, and
  - i) any taxes paid or payable on these dividend distributions.
4. Provide a copy of the relevant resolutions adopted by the shareholders' meeting or the board of directors deliberating the relevant dividend distribution.
5. A list of any dividend distributions effected by your company to private shareholders during the investigation period and for the years 2011,2012, 2013 2014 and 2015, detailing:
  - a) the amounts distributed as dividends,
  - b) the number of shares held by private investors,

## **PUBLIC RECORD**

- c) a description of the shares and of their attached rights (e.g. common shares, preferred shares) giving rise to the dividend distributions,
  - d) the percentage of profits distributed per each class of share to the private investors, and
  - e) the dividend per share distributed per each class of share.
6. What was the amount of profits available for dividend distribution by your company for the years 2011, 2012, 2013, 2014 and 2015?
7. What was the amount of retained earnings since the year 2005 available for distribution to shareholders of the different classes of shares?
8. A list of investments in fixed assets affected since the year 2005 financed out of retained earnings or other profits otherwise available for distribution to shareholders in previous years used to finance these investments. (Please format as necessary).
9. All internal company documents relevant to your decision as to the source of funds to finance your operations, e.g., debt vs. equity financing and private vs. government sources.
10. A detailed description of the accounting treatment and the company policy concerning dividend distributions, retained earnings, and use of the proceeds otherwise available for dividend distribution. Please attach relevant underlying financial statements and records and other relevant evidence.

## PART C-5 PREFERENTIAL LOANS AND INTEREST RATES

It is our understanding that certain enterprises in China benefit from low (subsidised) interest rates from state owned commercial banks (SOCB) and government banks in accordance with the GOC policy to support and develop the expansion of the Chinese steel industry.

If your business or any company/entity related to your business received benefits under any such program during the period 1 July 2010 to 30 June 2015, please answer the following questions.

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

Provide answers to the following questions in "Loans" tab of the "Exporter Questionnaire – CV – Rebar" workbook attached.

**Response:** Please refer to the spreadsheet [CONFIDENTIAL, Loans] for the requested information in PART C-5. For each loan in the spreadsheet Loans, we provided copies of signed loan agreements between Shiheng Steel and the banks in [CONFIDENTIAL, Exhibit C-5: Loan agreements].

2. Provide a list of all the loans provided to your company from banks and financial institutions which have not been fully reimbursed by the end of the investigation period.
3. Provide specific details of the loan, including the start date of the loan, the principal amount of the loan, terms and conditions of the loan, purpose of the loan, the repayment terms/frequency, repayment amount, interest rate, interest type (e.g. fixed, variable etc), if the loan has been redrawn any time during its duration, please provide the redraw date, amount and the reason for redraw.
4. Indicate whether each bank is Chinese or foreign-owned and give the percentage of government ownership of each bank (including ownership by entities owned or controlled by a government).
5. In the case of each loan from government-owned or controlled, please explain the reason for borrowing from such a bank rather than a commercial bank. What are the differences in the terms and conditions of loans between the government and commercial banks?
6. Explain how the decisions to grant the loan or its conditions are dependent on the purpose of the loan and give details on the process your company went through to apply for the loan. Please provide detail on what conditions or criteria your company needed to fulfil to be granted the loan.

## PUBLIC RECORD

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

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

8. Please explain whether the granting of the specific loan depended on the link between the purpose of the loan and the goals specified in any government plan or development program. Provide a copy of the laws, regulations, administrative guidelines and any other acts relevant for the operation of this lending with any subsequent amendments. Also include a copy of any governmental or development plan of which the scheme represents a direct implementation.
9. For each loan application, please explain the involvement of third parties such as government departments, local councils, party committees in the whole process since the application for the loan up to the decision whether the loan is granted or not.
10. In the "Loans" spreadsheet, provide the information requested on guarantees for the loans provided to your company.
11. Please give details of all loan applications during the investigation period which were refused; give the name of the bank, the amount of the loan requested and the reasons for refusal.
12. Provide any other information you may deem necessary for the commission to make an assessment on the subsidisation of producers/exporters of the product under investigation. You may adjust the table in the "Loans" tab as necessary to include this additional information.

## PART C-6 MISCELLANEOUS PROGRAMS

The Commission is aware that some Chinese producers of the goods under consideration benefitted from the following programs:

**Program 47:** "Project: Shortage of coke oven gas heat efficient return development and application technology"

**Program 48:** "Project: Finance Bureau of independent innovative technology funds"

## PUBLIC RECORD

- Program 49:** "Project: The first batch of industry and information technology development funds FY2014"
- Program 50:** "Project: Second five special funds for national support program"
- Program 51:** "Project: Major technical equipment special plate manufacturing support fund"
- Program 52:** "Project: The second batch of key industrial adjustment and revitalisation and transformation funds FY2009"
- Program 53:** "Project: Industrial enterprise energy management centre demonstration project construction FY2009"
- Program 54:** "Project: Coke ovens 1-5 gas desulfurization renovation project"
- Program 55:** "Project: Industrial park wastewater treatment and reuse project funding"
- Program 56:** "Project: 2011 Environmental protection special fund"
- Program 57:** "Project: Special funds for energy conservation"
- Program 58:** "Project: Coke oven gas desulfurization improvement project"
- Program 59:** "Project: Special promotion with steel caster reconstruction funds for support"
- Program 60:** "Project: Water reuse project"
- Program 61:** "Project: 2010 Key industry revitalization and transformation"
- Program 62:** "Project: Energy power plant waste heat heating reconstruction project grants"
- Program 63:** "Project: 320 Sintering flue gas desulfurization project environmental protection fund"
- Program 64:** "Project: 400 Sintering desulfurization funds"
- Program 65:** "2012 Annual special funds for energy"
- Program 66:** "Coke Oven no.1, 2 & 5 tampers top-loading change project"
- Program 67:** "Project: 2010 Provincial emerging industries and key industries development special fund project"
- Program 68:** "Regional government economic incentives"
- Program 69:** "Set aside safely production capital Jinan City Bureau of Finance"
- Program 70:** "Nanshi Bureau of Water Resources water consumption units appraisal award funds"
- Program 71:** "City key projects mentioned standard award"
- Program 72:** "E420 marine platform steel research and application projects"
- Program 73:** "Xuejiadao financial and tax refund payments"
- Program 74:** "Jinan City bureau of finance cleaner production special funds"
- Program 75:** "Security special funds"
- Program 76:** "Patent development grant funds"
- Program 77:** "Shandong Huimin Technology Development Co. Ltd R&D funding"
- Program 78:** "National pillar program special funds"
- Program 79:** "Government allocated industry enterprises award"
- Program 80:** "Enterprise workers vocational training allowance"
- Program 81:** "Municipal Export Trade and Economic Development Guide funds"
- Program 82:** "Income received from Commerce Bureau in 2012 to guide the development of foreign trade financing"
- Program 83:** "2013 Annual Export Credit Insurance subsidies 9.12"
- Program 84:** "2013 Municipal foreign trade development guide funds"
- Program 85:** "Two by one guarantee funds to support foreign trade"
- Program 86:** "The financial return of funds"

## PUBLIC RECORD

Provide answers to the following questions in the "**Miscellaneous programs**" tab of the "**Exporter Questionnaire – CV – Rebar**" workbook attached.

**Response: Shiheng Steel did not involve in or received any benefits from programs in PART C-6. Thus, questions in PART C-6 are not applicable.**

For **each program** listed above, answer the following.

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

12. If the program has been terminated, please provide details (including when and why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part C-6 in relation to this programme.

## **PART C-7 ANY OTHER PROGRAMS**

Provide answers to the following questions in the "**Other programs**" tab of the "**Exporter Questionnaire – CV – Rebar**" workbook attached.

**Response:** Shiheng Steel did not involve in or received any benefits from any other programs. Thus, questions in PART C-7 are not applicable.

1. Provide a list of all the provinces in which you have business operations (including locations of factories, sales offices, or other places of business).
2. Are you aware of any programs of the Government of China, any of its agencies or any other authorised body, that benefits<sup>5</sup> manufacturers of steel reinforcing bar that have not been accounted for in this questionnaire? Provide the name of those programs you are aware of (even if your company is not eligible to receive benefit under the program.)
3. Indicate the location of the program by region, province or municipal level.
4. Indicate the type of program, for example:
  - a) the provision of grants, awards or prizes;
  - b) the provision of goods or services at a reduced price (e.g. electricity, gas, raw materials (including, for example, zinc), transport);
  - c) the reduction of tax payable including income tax and VAT;
  - d) reduction in land use fees;
  - e) loans from Policy Banks at below-market rates; or
  - f) any other form of assistance.

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

5. Indicate whether your company benefited from any of the listed programs.
6. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).
7. Describe the application and approval procedures for obtaining a benefit under the program.

---

<sup>5</sup> Refer to the Glossary of Terms for a definition of benefit in this context.



## PUBLIC RECORD

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

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part C-7 in relation to this programme.



**SECTION D - 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 E - 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 type="checkbox"/>
Section B – sales to Australia - export price	<input type="checkbox"/>
Section C – countervailing (subsidisation)	<input type="checkbox"/>
Section D - declaration	<input type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
PRODUCTION	<input type="checkbox"/>
INCOME STATEMENT	<input type="checkbox"/>
TURNOVER	<input type="checkbox"/>
AUSTRALIAN SALES	<input type="checkbox"/>
RAW MATERIAL PURCHASES	<input type="checkbox"/>
ELECTRICITY	<input type="checkbox"/>
INCOME TAX PROGRAMS	<input type="checkbox"/>
INCOME TAX	<input type="checkbox"/>
VAT AND TARIFF PROGRAMS	<input type="checkbox"/>
VAT AND TARIFF TRANSACTIONS	<input type="checkbox"/>
GRANTS	<input type="checkbox"/>
DEBT TO EQUITY	<input type="checkbox"/>
EQUITY INFUSIONS	<input type="checkbox"/>
UNPAID DIVIDENDS	<input type="checkbox"/>
LOANS	<input type="checkbox"/>
MISCELLANEOUS PROGRAMS	<input type="checkbox"/>
OTHER PROGRAMS	<input type="checkbox"/>

## APPENDIX 1 - GLOSSARY OF TERMS

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

### 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.

### Financial Asset Management Companies (AMCs)

According to Article 2 of *Regulation on Financial Asset Management Companies* issued by the State Council in 2000:

*The term "financial asset management company" refers to a wholly state-owned non-banking financial institution that has been established upon the decision of the State Council to purchase the [non performing loans] (NPLs) of state-owned banks as well as to manage and dispose of any assets resulting from purchase of the NPLs of state-owned banks.*

### Associated Companies

Persons shall be deemed to be associates of each other if, and only if:

(a) both being natural persons:

- (i) they are connected by a blood relationship or by marriage or by adoption; or
- (ii) one of them is an officer or director of a body corporate controlled, directly or indirectly, by the other;

(b) both being bodies corporate:

- (i) both of them are controlled, directly or indirectly, by a third person (whether or not a body corporate); or
- (ii) both of them together control, directly or indirectly, a third body corporate; or
- (iii) the same person (whether or not a body corporate) is in a position to cast, or control the casting of, 5% or more of the maximum number of votes that might be cast at a general meeting of each of them; or

(c) one of them, being a body corporate, is, directly or indirectly, controlled by the other (whether or not a body corporate); or

(d) one of them, being a natural person, is an employee, officer or director of the other (whether or not a body corporate); or

(e) they are members of the same partnership.

**Benefit**

As further defined in relation to the definition of the term 'subsidy' below, 'benefit' may include:

- a direct transfer of funds;
- the acceptance of liabilities (e.g debts or other liabilities), whether actual or potential, of your enterprise;
- the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) that was otherwise due (e.g. reduced rate of income tax, waiving certain other taxes);
- the provision of goods or services otherwise than in the course of providing normal infrastructure; or
- the purchase of goods

by the Government of China (GOC) (at any level), a public body of the GOC, or a private body entrusted by the GOC to carry out GOC functions.

**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 (CTMS)**

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, ie. the value varies with the level of production.

**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.

### **Enterprise**

"Enterprise" includes a group of enterprises, an industry and/or a group of industries

### **Factory overheads**

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

### **Foreign Invested Enterprise (FIE)**

An FIE may be:

#### **1. Chinese-foreign equity joint venture:**

Joint venture between a Chinese company, enterprise, or other business organisation and a foreign company, enterprise, business organisation or individual set up in the form of a Chinese limited liability company.

The characteristics of a Chinese-foreign equity joint venture are joint investment, joint operation, and the participants share profits, risks and losses in proportion to their respective contributions to the registered capital of the joint venture.

The proportion of the investment by the foreign party is no less than 25% in the registered capital of equity joint venture.

#### **2. Chinese-foreign contractual joint venture:**

A joint venture established between foreign enterprises and other economic organisations or individuals, and Chinese enterprises or other economic organisations within the territory of China. The rights and obligations of each party are determined in accordance with the agreement specified in the contractual joint venture contract. The investment or conditions for cooperation contributed by the Chinese and foreign parties may be provided in cash or in kind, or may include the right to the use of land, industrial property rights, non-patent technology or other property rights.

#### **3. Wholly foreign owned enterprises:**

## PUBLIC RECORD

A wholly foreign owned enterprise is established by foreign enterprises and other economic organisations or by individuals pursuant to the Chinese laws within the territory of China. All of the wholly foreign owned enterprise's capital is invested by foreign investors. It may also be referred to as a Foreign Enterprise (FE).

### Goods under consideration (the goods)

The goods to which the application for countervailing action relates. That is, the goods that you have exported to Australia allegedly at subsidised prices.

### Incoterms

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

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



## **PUBLIC RECORD**

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.

### **Program(s)**

The term “program”, as used throughout this questionnaire in reference to alleged subsidies, refers to broad categories of subsidies that Customs and Border Protection has reason to believe may be available to exporters of the goods.

In this regard, the term “program” as used in this questionnaire should not be taken to necessarily refer to formal programs maintained by the GOC, nor should it be taken to refer to one specific subsidy. Rather, “program” as used in this questionnaire can refer to informal subsidies provided by the GOC, and can also refer to multiple individual, albeit similar, subsidies.

### **State-owned enterprise (SOE) or state-invested enterprise (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 respect of goods exported to Australia, means:

(a) a financial contribution:

- (i) by a government of the country of export or country of origin of the goods;
- or

## **PUBLIC RECORD**

(ii) by a public body of that country or a public body of which that government is a member; or

(iii) by a private body entrusted or directed by that government or public body to carry out a governmental function;

that involves:

(iv) a direct transfer of funds from that government or body; or

(v) the acceptance of liabilities, whether actual or potential, by that government or body; or

(vi) the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) due to that government or body; or

(vii) the provision by that government or body of goods or services otherwise than in the course of providing normal infrastructure; or

(viii) the purchase by that government or body of goods or services; or

(b) any form of income or price support as referred to in Article XVI of the General Agreement on 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 (whether directly or indirectly) in relation to the goods exported to Australia.