



Exporter Questionnaire

Product: POWER TRANSFORMERS

From: China, Indonesia, Korea, Taiwan, Thailand and Vietnam

Period of Investigation: 1 July 2010 – 30 June 2013

Response due by: 9 October 2013

Investigation case manager: Chris Vincent

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

Return completed questionnaire to: Anti-Dumping Commission
Customs House
5 Constitution Avenue
Canberra ACT 2600

Attention: Director Operations 1

SECTION A

COMPANY STRUCTURE AND OPERATIONS

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

A-1 Identity and communication

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

Head Office: **CHINT Electric Co., Ltd**

Name: **Jerry Jia**

Position in the company: **Country Manager - Oceania Market**

Address: **No.1255 Wenhe Road ,Songjiang District 201614 Shanghai China**

Telephone: **(+86) 21 6777 7777**

Facsimile number: **(+86) 21 6777 7999**

E-mail address of contact person: **jerry.jia@CHINT.com**

Factory: **CHINT Electric Co., Ltd**

Address: **No.1255 Wenhe Road ,Songjiang District 201614 Shanghai China**

Telephone: **(+86) 21 6777 7777**

Facsimile number: **(+86) 21 6777 7999**

E-mail address of contact person: **hexy@CHINT.com**

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: **Andrew Percival**

Address: **GPO Box 9925, Sydney NSW 2001**

Telephone: **(02) 9210 6228**

Facsimile/Telex number: **(02) 9210 6611**

E-mail address of contact person: **andrew.percival@corrs.com.au**

Name: **Jia Zheng**

Address: **31/F, Office Tower A, Jianwai SOHO, 39 Dongsanhuan Zhonglu,
Chaoyang District, Beijing, 100022, China**

Telephone: **86-10-58698899-8618**

Facsimile/Telex number: **86-10-58699666**

E-mail address of contact person: **jiazheng@zhongyinlawyer.com**

Note that in nominating a representative, the Commission will assume that confidential material relating to

PUBLIC RECORD

8

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.

Answer:

The legal name of the company is CHINT Electric Co., Ltd. (hereinafter referred to as "CHINT"), which is a joint stock company. Please refer to Exhibit A-3.1 Business License of CHINT.

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

Answer:

CHINT Group Co., Ltd. (hereinafter referred to as "CHINT Group"), as the principal shareholder, holds 89.7806% shares of CHINT.

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

Answer:

CHINT is the subsidiary of CHINT Group. The principal shareholders who hold 5% or more of the shares of CHINT Group are [REDACTED]. Their names are as follows:



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

Answer:

The parent company of CHINT is not subsidiary of any other company.

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

Answer:

Please refer to Exhibit A-3.5 Affiliation Structure of CHINT.

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

Answer:

There are no any management fees/corporate allocation charged to CHINT by the parent company.

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

Answer:

CHINT a producer engaging in the production of power transmission and distribution EPC (Engineering, Procurement, Construction.), including the products under investigation.

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

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

Answer:

Not applicable to CHINT, as CHINT performs all the functions stated above.

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

Answer:

Please refer to Exhibit A-3.9 Organization Chart of CHINT.

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

Answer:

Please refer to Exhibit A-3.10 Brochure of CHINT.

A-4 General accounting/administration information

1. Indicate your accounting period.

Answer:

CHINT's accounting period is from Jan.1st to Dec. 31st of each calendar year.

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

Answer:

PUBLIC RECORD

10

CHINT's financial records are held in the address of the company, that is No. 1255 Wenhe Rd., Songjiang District, Shanghai 201614, and China.

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

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

These documents should relate to:

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

Answer:

Please refer to Exhibit A-4.3.1 Chart of Accounts of CHINT and Exhibit A-4.3.2 Audited financial statements of CHINT.

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

Answer:

Not applicable to, as CHINT has provided audited financial statements.

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

Answer:

No, the CHINT's accounting practices meet the requirements of GAAP of China.

6. Describe:

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

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

Answer:

Weighted average method is the method used for evaluation for raw material, work-in-process and finished good inventories.

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

Answer:

Batch method is the costing method adopted by CHINT.

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

Answer:

CHINT uses batch method or actual cost method for different damaged or sub-standard goods generated during production.

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

Answer:

There are few by products and joint products during production. As respect to scrap, CHINT uses actual cost method for different scrap.

- valuation and revaluation methods for fixed assets;

Answer:

Historical cost method is used for valuation of fixed assets, while recoverable amount is used for revaluation.

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

Answer:

Straight-line method is the production equipment depreciation method, and the rates of each production equipment are as follows:

Name of equipment	Depreciation Rate (%)	Useful life (years)
Buildings and construction	4.7	20
Machinery equipments	9.50-31.67	3-10
Power equipments	4.75-31.67	3-20
Information equipments	19.00-31.67	3-5
Inspection equipments	19.00	5
Transportation equipments	19.00	5
Other equipments	19.00-31.67	3-5

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

Answer:

The foreign exchange gains and losses arising from transactions are included in current profits and losses.

PUBLIC RECORD

12

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

Answer:**Not applicable.**

- inclusion of general expenses and/or interest;

Answer:**The general expenses and/or interest are included in current profits and losses.**

- provisions for bad or doubtful debts;

Answer:**The provisions for bad or doubtful debts are based on ageing of accounts.**

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

Answer:**Not applicable.**

- costs of plant closure;

Answer:**Not applicable.**

- restructuring costs;

Answer:**Not applicable.**

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

Answer:**There are few by products and joint products during production. As respect to scrap, CHINT uses batch method or actual cost method for different scrap.**

- effects of inflation on financial statement information.

Answer:**Not applicable.**

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

A-5 Income statement

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

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

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

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

Answer:

Please refer to **Exhibit A-5 Income Statement**.

PUBLIC RECORD

14

A-6 Sales

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

Prepare this information in a spreadsheet named "TURNOVER".

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

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

Answer:

Please refer to **Exhibit A-6 Turnover.**

SECTION B

SALES TO AUSTRALIA (EXPORT PRICE)

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

*You should provide details of **all** goods under consideration (the goods):*

- *invoiced during the investigation period; and*
- *subject to tenders that were won during the investigation period, even in circumstances where the goods were not invoiced or **shipped** to Australia during the investigation period. In this circumstance, please provide details of any expenses already incurred with respect to the goods shipped outside of the investigation period,*

For tender sales, the Commission considers the contract date will normally be taken to be the date of sale. To ensure that the Commission can make a proper assessment of date of sale, we request the contract date, invoice date and delivery date. If you consider that a date other than the contract date is the appropriate date of sale, please provide a response outlining your reasons for this.

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

name;
address;
contact name and phone/fax number where known; and
trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Answer:

No.	Name of Customers	Address	Contact Name	Phone/Fax No.	Trader Level
1.					End user
2.					End user
3.					End user
4.					End user
5.					Trader
6.					End user

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

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

PUBLIC RECORD

16

Answer:

No.	Name of Customers	Transportation Modes
1.		
2.		
3.		
4.		
5.		
6.		

- (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.

Answer:

No.	Name of Customers	Functions of Both Parties
1.		
2.		
3.		
4.		
5.		
6.		

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the

case of DDP sales, explain who retains ownership when the goods enter Australia.

Answer:

No.	Name of Customers	Ownership Holding Situation
1.	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]

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

Answer:

There is no such agency or distributor agreements or other similar contracts.

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are determined through a tender process, supply copies of winning tender bids.

Answer:

CHINT accepted inquiries of customers, and then made offers in accordance with product parameters. After bargains by two parties, the final price of product concerned was determined.

It shall be noted that only the project of [REDACTED] was obtained through tender process. Please refer to Exhibit B-2.e Notice of Award of [REDACTED].

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

PUBLIC RECORD

18

Answer:

CHINT is not related to any of its Australian customers. And there are no such financial or other arrangements with customers in Australia.

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

Answer:

Not applicable.

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

Answer:

CHINT's exporting prices do not vary according to the distribution channel identified.

- B-4** Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period.

Where a contract has been won during the investigation period but the goods are not yet shipped, provide details of these goods with any expenses incurred to date and the scheduled delivery date specified in the contract.

You must provide this list in electronic format. Include the following export related information:

**** FOB export price and Ocean Freight:**

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

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

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

Answer:

Please refer to Exhibit B-4 Australian Sales.

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

Answer:

Please refer to **Exhibit B-4 Australian Sales.**

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

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

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

Answer:

There are no such discounts, rebated or allowances offered on export sales to Australia.

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

Answer:

CHINT never issued credit notes to customers in Australia.

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

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

Answer:

Please refer to **Exhibit B-4 Australian Sales.**

B-9 For two contracts where the goods were also shipped to Australia during the investigation period, please provide a complete set of all documentation related to the export sale. For example:

- the contract between your company and your Australian customer;
- the commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;

PUBLIC RECORD

20

- marine insurance expenses; and
 - letter of credit, and bank documentation, proving payment.
-

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

Answer:

Please refer to **Exhibit B-9 Documentation Related to the Export Sales to Australia.**

SECTION C EXPORTED GOODS & LIKE GOODS

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

Answer:

Please refer to **Exhibit C-1 Details of Products Exported to Australia.**

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

Answer:

EXPORT TYPE	Mega amperes (MVA)	volt	Kilo volts (kV)
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
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██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██
██████████	██		██

- C-3** List each unique unit of power transformer sold on the domestic market during the investigation period.

Answer:

PUBLIC RECORD

22

Please refer to Exhibit C-3 Products Sold on Domestic Market.

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

Answer:

Please refer to Exhibit C-4 Technical Material of Power Transformer.

SECTION D DOMESTIC SALES

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

The Commission's preliminary view of normal value:

The Commission considers that it may not be appropriate to determine normal values in accordance with section 269TAC(1) of the Act, using your domestic sales as adjusted for proper comparison with export sales, as the goods under consideration are capital goods that are manufactured to order.

The Commission seeks information on your domestic sales for the purpose of determining profit so that a normal value can be properly constructed pursuant to section 269TAC (2)(c), using your cost to make and sell plus amounts for selling, general and administrative expenses and profit. If you consider that this is appropriate, you do not need to complete Section E (fair comparison) of this questionnaire.

If you consider that it is appropriate for the Commission to determine normal values pursuant to section 269TAC (1) of the Act, please ensure you complete Section D, Section E and Section F of this questionnaire.

Information requested in relation to domestic sales:

In Section B, the Commission requests information in relation to your export sales to Australia. The Commission requested the following:

- details of all invoiced sales made during the investigation period; and
- details of all tenders won during the investigation, regardless of whether the goods were invoiced and delivered outside of the investigation period. In these circumstances, the Commission requested that you provide an estimate of when the goods will be delivered to your Australian customers.

*In relation to domestic sales, the Commission requests that you provide details of ALL of your invoiced sales during the investigation period. You **do not need** to provide details of tenders that were won during the investigation period but invoiced outside of the investigation period.*

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

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

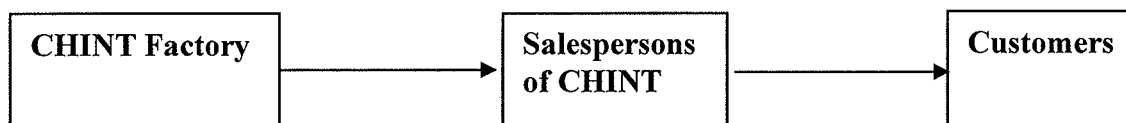
D-1 Provide:

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

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

Answer:

CHINT's distribution channels to domestic customers are given below:



1. The salespersons who are employers of CHINT carry out market expanding activities and target customers interested in cooperation.
2. The salespersons put forward intention of participating in project bidding to the company.
3. According to the requirements of business and technology, the company gives the evaluation and quotation.
4. The company, according to the estimation of cost may occur in the sales process, and marketing costs and competition, determinates the final bid price.
5. The salespersons are responsible for delivery of the product to customers and other project implementation.
6. The customers make payment to CHINT.

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

Answer:

No. The domestic selling prices do not vary according to the distribution channel identified.

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

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

Answer:

The company sets the price in accordance with the technical and business requirements of the project tender, and the selling expenses estimated by the salesperson. As for the receive orders, make delivery, invoice and final receive payment, and the terms of the sales, the company negotiates with the customers and determinates these terms.

- whether price includes the cost of delivery to customer.

Answer:

Generally, price of the products concerned include the cost of delivery to customers.

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

Answer:

Not applicable, as CHINT does not use price lists.

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

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

Answer:

Please refer to Exhibit D-4 Domestic Sales.

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

Answer:

There are no such other expenses.

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

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

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

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

Answer:

There are no such other commission, discount, rebate and allowance.

D-7 Select two domestic sales that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, the tender bid, the contract of sale, commercial invoice, discounts or rebates applicable, credit/debit notes, inland freight contract, bank documentation showing proof of payment.)

PUBLIC RECORD

26

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

Answer:

Please refer to **Exhibit D-7 Documentation Related to the Domestic Sales.**

SECTION E FAIR COMPARISON

As outlined in Section D, please complete Section E only if you would submit that the Commission should determine normal values pursuant to section 269TAC (1).

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

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

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

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

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

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

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

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

E-1 Costs associated with export sales

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

1. Transportation

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

2. Handling, loading and ancillary expenses

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

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

PUBLIC RECORD

28

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

3. Credit

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

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

4. Packing costs

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

5. Commissions

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

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

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

6. Warranties, guarantees, installation and after sales services

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

7. Other factors

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

8. Currency conversions

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

E-2 Costs associated with domestic sales

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

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

1. Physical characteristics

This adjustment recognises that differences, such as structure or design, mean that the goods are not identical. The Commission considers that the goods are unlikely to have identical models sold on the domestic market as they are large capital goods that are produced to order.

To support your claim that the Commission should determine normal values pursuant to section 269TAC (1), you will need to identify and quantify the physical or specification differences in order to ensure fair comparison.

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

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data.

Using the table below, provide a list of the claimed comparable product sold on the domestic market. Describe in detail the specification differences between the comparable products. Also provide your claimed adjustment on the basis of this specification difference, stating the source of your data.

The Commission will seek to verify your claimed specification adjustments during the verification visit.

EXPORTED TYPE	DOMESTIC TYPE	DIFFERENCES	CLAIMED ADJUSTMENT
Product code, power rating and voltage ratio of each model of the goods exported to Australia	Product code, power rating and voltage ratio of comparable model sold on the domestic market of the country of export	Describe the specification differences in detail. If it is impractical to detail specification differences in this table refer to documents which outline differences	The claimed adjustment must be quantifiable and supported by evidence that is available for verification by the Commission

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

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

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and

PUBLIC RECORD

30

excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

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

In substantiating the drawback claim the following information is required:

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

Substitution drawback systems

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

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

3. **Level of trade**

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

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

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

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

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

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

This requires the following information:

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

or

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

4. Credit

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

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

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

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

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

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

1. Calculate an accounts receivable turnover ratio

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

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

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

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

PUBLIC RECORD

32

used in the numerator.

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

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

2. *Calculate the average credit period*

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

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

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

5. **Transportation**

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

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

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

7. **Packing**

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

8. **Commissions**

For any commissions paid in relation to the domestic sales:

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

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

9. **Warranties, guarantees, installation expenses and after sales services**

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

10. **Other factors**

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

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

E-3 Duplication

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

For example:

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

Separate adjustment items must avoid duplication.

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

PUBLIC RECORD

34

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

As outlined in Section D, the Commission considers that, given the nature of the goods under consideration, it may not be appropriate to determine normal values on the basis of domestic sales (pursuant to section 269TAC(1)), or sales to third countries (pursuant to section 269TAC(2)(d)).

Please complete Section F only if you would submit that it is appropriate for the Commission to determine normal values pursuant to section 269TAC(2)(d).

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

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

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

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

Supply this information in spreadsheet file named "Third country"

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

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

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

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

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

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

Please provide costs associated to each of the export sales detailed at question B4 and domestic sales details in question D4.

For export sales, this will include costs associated with tenders that may be invoiced or delivered outside of the investigation period. Where these costs have not yet been incurred, please provide an estimate of these costs such as, for example, the cost you estimated at the time of bidding for the tender.

*For domestic sales, you only need to include **actual** costs incurred in relation to goods invoiced during the investigation period.*

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

G-1. Production process and capacity

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

Answer:

Please refer to Exhibit G-1 Production Process. As for the scrap or by-products that resulting form producing the goods, including copper, iron, silicon, waste oil, waste wood and waste water, they are recycled or handled by reclamation depot, recycling company or dangerous chemical recycling companies.

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

* 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.

PUBLIC RECORD

36

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

Answer:

Please refer to **Exhibit G-2 Production**.

G-3. Cost accounting practices

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

Answer:

All CHINT' accounting practices are in accordance with the GAAP of PRC.

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

Answer:

No, CHINT uses actual costs, and does not conduct variances allocation.

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

Answer:

Not applicable. There was no such cost variances during the investigation period.

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

Answer:

There are three business departments which are the profit/cost centers of CHINT.

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

Answer:

CHINT mainly uses equivalent units method to allocate costs to the products under consideration. Actually, owing to complicated production process of transformers, CHINT often uses more than one method at the same time to allocate costs. At the end of each month, CHINT allocate corresponding costs and expenditure in accordance with distribution usage of each material.

- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting

system records production costs.

Answer:

CHINT's cost accounting system records production costs of the product concerned by models.

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

Answer:

Not applicable. There is no such production.

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

Answer:

Not applicable. CHINT did not engaged in any start-up operations in relation to the goods under consideration.

- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

Answer:

Not applicable. CHINT did not engaged in any start-up operations in relation to the goods under consideration.

G-4 Cost to make and sell on domestic market

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

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each unique unit of the goods invoiced during the investigation period.
2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

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

Provide this information for each unique unit of the goods invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

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

PUBLIC RECORD

38

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

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

Please specify unit of currency.

Answer:

Please refer to Exhibit G-4 Domestic CTMS.

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

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

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

Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, such as for example, the estimate of the costs that formed the basis of your winning tender bid.

Provide this information for each unique unit of the goods contracted for sale or invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

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

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

Please specify unit of currency.

Answer:

Please refer to Exhibit G-5 Australian CTMS.

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

Answer:

The goods under consideration are capital goods that are manufactured to order. Each customer requires certain specifications of its own. So, the cost of each model is unique and different from those of other models.

Since the requirements of foreign customers are quite different from those of domestic customers, the goods sold for export are also quite different from those sold to the domestic market. Accordingly, there are obvious cost differences between them.

With respect to such cost differences, please refer to Exhibit G-4 Domestic CTMS and Exhibit G-5 Australian CTMS.

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

PUBLIC RECORD

40

Answer:

Please refer to the answer above.

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

Answer:

Not applicable, the allocation method used to determine the unit cost is same as the prior practice of CHINT.

G-6 Major raw material costs

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

For these major inputs:

- identify materials sourced in-house and from associated entities;

Answer:

These major raw materials are purchased from unrelated companies.

- identify the supplier; and

Answer:

The suppliers of major raw materials are as follows:

No.	Chinese Name of Suppliers	English name of Suppliers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		

13.			
14.			
15.			

- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Answer:

Please refer to Exhibit G-6 Major Raw Material Costs.

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

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

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

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

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Australian Government
Anti-Dumping Commission

SECTION H EXPORTER'S DECLARATION

☒ I hereby declare that **CHINT Electric Co., Ltd**
did, during the period of investigation export the goods under consideration
and have completed the attached questionnaire and, having made due inquiry,
certify that the information contained in this submission is complete and
correct to the best of my knowledge and belief.

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

Name :.....**Mo Li Na**.....

Signature :.....**莫利娜**.....

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

Date :.....**September 16, 2013**.....

