



ADC 362

**INVESTIGATION INTO THE ALLEGED DUMPING AND
SUBSIDISATION OF
CERTAIN ALUMINIUM EXTRUSIONS
EXPORTED FROM
MALAYSIA AND THE SOCIALIST REPUBLIC OF VIETNAM

VERIFICATION REPORT - EXPORTER**

MIEN HUA PRECISION MECHANICAL CO., LTD

MARCH 2017

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

CONTENTS

CONTENTS	2
1 BACKGROUND	3
1.1 INITIATION	3
1.2 PURPOSE OF THIS REPORT	3
2 THE GOODS AND LIKE GOODS	4
2.1 THE GOODS EXPORTED TO AUSTRALIA	4
2.2 LIKE GOODS SOLD ON THE DOMESTIC MARKET	4
2.3 MODEL MATCHING	4
2.4 LIKE GOODS – PRELIMINARY ASSESSMENT	4
3 VERIFICATION OF EXPORT SALES TO AUSTRALIA	5
3.1 VERIFICATION OF AUSTRALIAN SALES TO AUDITED FINANCIAL STATEMENTS.....	5
3.2 VERIFICATION OF AUSTRALIAN SALES TO SOURCE DOCUMENTS	5
3.3 COUNTRY OF ORIGIN.....	6
3.4 THE EXPORTER.....	6
3.5 THE IMPORTER	6
3.6 RELATED CUSTOMERS	6
3.7 ARMS LENGTH	6
3.8 EXPORT PRICE – PRELIMINARY ASSESSMENT.....	7
4 COST TO MAKE AND SELL	8
4.1 VERIFICATION OF COSTS TO AUDITED FINANCIAL STATEMENTS.....	8
4.2 VERIFICATION OF COSTS TO SOURCE DOCUMENTS.....	8
4.3 COST TO MAKE AND SELL – SUMMARY	9
5 VERIFICATION OF DOMESTIC SALES	10
5.1 VERIFICATION OF DOMESTIC SALES TO AUDITED FINANCIAL STATEMENTS	10
5.2 VERIFICATION OF DOMESTIC SALES TO SOURCE DOCUMENTS	10
5.3 RELATED CUSTOMERS	11
5.4 ARM’S LENGTH	11
5.5 ORDINARY COURSE OF TRADE	11
5.6 SUITABILITY OF DOMESTIC SALES.....	11
5.7 DOMESTIC SALES – SUMMARY	12
6 ADJUSTMENTS	13
6.1 PACKING	13
6.2 DOMESTIC INLAND TRANSPORT	13
6.3 EXPORT INLAND TRANSPORT	13
6.4 EXPORT HANDLING AND OTHER COST.....	13
6.5 DOMESTIC AND EXPORT CREDIT TERMS.....	13
6.6 SPECIFICATION ADJUSTMENT.....	13
6.7 ADJUSTMENTS – CONCLUSION.....	14
7 NORMAL VALUE	15
8 DUMPING MARGIN	16
9 SUBSIDIES	17
9.1 PROGRAM 1: PREFERENTIAL IMPORT TARIFFS.....	17
9.2 PROGRAM 2: CORPORATE TAX INCENTIVES	17
9.3 PROGRAM 3: INCENTIVES ON NON-AGRICULTURAL LAND TAX	17
10 APPENDICES AND ATTACHMENTS	19

1 BACKGROUND

1.1 Initiation

On 16 August 2016, the Commissioner of the Anti-Dumping Commission (the Commissioner) gave public notice of his decision to initiate an investigation in respect of the alleged dumping and subsidisation of aluminium extrusions exported from Malaysia and the Socialist Republic of Vietnam (Vietnam).

Anti-Dumping Notice (ADN) No. 2016/77 provides further information on the investigation and is available on the Anti-Dumping Commission's (the Commission's) electronic public record (EPR) at www.adcommission.gov.au.

The background relating to the initiation of this investigation is contained in Consideration Report No. 362 (CON 362).

Following this initiation, the Commission wrote to Mien Hua Precision Mechanical Co., Ltd (Mien Hua) inviting it to cooperate with the investigation. Mien Hua provided a completed exporter questionnaire response (EQR) and relevant attachments for the investigation period (1 July 2015 to 30 June 2016).

1.2 Purpose of this report

Based on the volume of Mien Hua's exports relative to the total export volume from Malaysia and Vietnam during the investigation period, the Commission elected not to conduct an on-site verification visit at Mien Hua's premises.

Whilst an on-site verification visit was not conducted, a detailed analysis of the Mien Hua's EQR was completed. To assist with the verification of Mien Hua's EQR, the Verification team sought additional data prior to verification. The verification team's analysis of Mien Hua's EQR included tests for the reasonableness, accuracy and completeness of the export sales, domestic sales and cost to make and sell (CTMS) data utilised in calculating the dumping margin.

2 THE GOODS AND LIKE GOODS

2.1 The goods exported to Australia

During the investigation period Mien Hua exported aluminium extrusions in varying lengths, profiles and surface finishes (i.e. mill, anodised and powder coated).

2.2 Like goods sold on the domestic market

During the investigation period Mien Hua also sold aluminium extrusions to domestic customers in varying lengths, profiles and surface finishes (i.e. mill, anodised and powder coated).

The verification team considers that the aluminium extrusions manufactured by Mien Hua for domestic consumption have characteristics closely resembling the goods that Mien Hua exported to Australia, as they:

- have similar physical characteristics;
- are commercially alike;
- are functionally alike; and
- are produced at the same facility with the same raw material inputs and manufacturing processes.

2.3 Model matching

For the purpose of model matching, the verification team considers that it is appropriate to have regard to the finish of the product. The verification team notes that the extrusions sold by Mien Hua on its domestic market are of the same alloy and temper as those sold to Australia, therefore model matching based on finish provides a fair comparison between export price and normal value and also matches the format of the cost data presented by Mien Hua in its EQR.

2.4 Like goods – preliminary assessment

The verification team considers that aluminium extrusions produced by Mien Hua for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1) of the *Customs Act 1901* (the Act) ¹.

¹ All legislative references in this report are to the *Customs Act 1901*, unless otherwise stated.

3 VERIFICATION OF EXPORT SALES TO AUSTRALIA

3.1 Verification of Australian sales to audited financial statements

The verification team verified the completeness and relevance of Mien Hua's export sales listing by reconciling it to audited financial statements having regard to the procedures outlined in ADN. No 2016/30. During this process the verification team did not identify any issues.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

3.2 Verification of Australian sales to source documents

The verification team verified the accuracy of Mien Hua's export sales listing by reconciling it to source documents having regard to the procedures outlined ADN No. 2016/30.

Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**. Prior to being satisfied that the data reconciled to source documents the following issues outlined below at 3.2.1 was identified in the export sales listing and accordingly the data was amended.

3.2.1 Packing costs

In its original EQR at question E-1.4 Mien Hua describes the packing materials used in relation sales of its aluminium extrusions exported to Australia. In addition, Mien Hua explains the reasons for why its exports are packaged in a particular way and contrasts this with the packing materials used for its domestic sales. In addition, Mien Hua provided an itemised listing of the costs relating to the materials and labour.

The verification team compared the unit packing cost reported at E-1.4 of Mien Hua's EQR to the unit packing cost reported in Appendix B-4 (Australian sales listing) of its EQR. The verification team observed that a different, lower unit cost had been applied in Appendix B-4.

During verification Mien Hua provided a general ledger extract relating to its packing costs and an itemised summary which detailed the unit cost for each item used in its packaging. The general ledger extract was not sufficiently detailed so the various materials reported in the summary could be identified in the ledger. The unit packing cost presented by Mien Hua in this revised calculation was also lower than the amount Mien Hua had originally reported in its Appendix B-4. The materials listed in its packing cost summary also conflicted with the statements it made in the EQR at question E-1.4.

The verification team further tested Mien Hua's packing costs by benchmarking to other Vietnamese cooperating exporters. Mien Hua's packing costs were not found to be comparable. Mien Hua's description of packing materials at question E-1.4 of its EQR was however found to be in accord with the packing method used by other exporters who have been verified during the investigation. The unit cost it reported at E-1.4 was also found to be comparable to the cost reported by other exporters who packed exported

PUBLIC RECORD

goods in a similar way. On this basis the verification team has applied the unit packing cost reported by Mien Hua at question E-1.4 of its EQR.

3.3 Country of origin

For the sample of invoices subject to downwards verification, the certificate of origin documentation as per the agreement establishing the ASEAN - Australia – New Zealand Free Trade Area (AANZFTA) was examined. The certificate contained information which corresponded to Mien Hua’s Australian export sales listing, commercial invoices, export declarations and import declarations. The verification team was satisfied that the goods reported in Mien Hua’s Australian export sales listing originated from Vietnam.

3.4 The exporter

For all Australian export sales during the investigation period, the verification team considers Mien Hua to be the exporter of the goods.²

3.5 The importer

The verification team considers that, in relation to the goods exported by Mien Hua, the customer listed in the export sales listing was the beneficial owner of the goods at the time of importation. This is consistent with the terms of the exportations reported by Mien Hua.

3.6 Related customers

This verification team did not find that Mien Hua was related to its Australian customers.

3.7 Arms length

In respect of export sales of aluminium extrusions to Australia by Mien Hua during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

² The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

PUBLIC RECORD

The verification team therefore considers that all sales of aluminium extrusions exported to Australia by Mien Hua during the inquiry period were arms length transactions.³

3.8 Export price – preliminary assessment

The verification team is satisfied that the export sales listing is reasonably complete, relevant and accurate and recommends that the export price be established under subsection 269TAB(1)(a), using the invoiced price, less deductions to the free on board (FOB) level as required.

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

³ Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as being at arms-length. These are where: there is any consideration payable for or in respect of the goods other than price; the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

4 COST TO MAKE AND SELL

4.1 Verification of costs to audited financial statements

The verification team verified the completeness and relevance of Mien Hua's CTMS spreadsheet by reconciling it to audited financial statements having regard to the procedures outlined in ADN No.2016/30.

The verification team was generally able to reconcile the CTMS data to the exporter's financial statements however the issues discussed in the following sections were identified and subsequently required amendments to the exporter's original cost to make (CTM) data.

4.1.1 CTMS Preparation Methodology

The CTM data initially provided in the EQR at Appendix G-4 and G-5 was prepared using a Cost of Goods Sold (COGS) methodology to derive a weighted average unit cost for each cost item for the whole investigation period.

The verification team also questioned the exporter's cost allocation method for a range of cost items. The verification team raised this issue with the exporter however was subsequently not satisfied that sufficient data had been provided by the exporter to support accepting its allocation ratios. Apart from allocations relating to utility costs, the verification team has allocated 100% of all other production costs to the production of mill finished extrusions. Material costs relating to anodised and powder coated extrusions were allocated at the rate of 100% to the relevant finish type on the basis of the cost item description (on top of mill finish costs). Since the cost of all extrusions are derived from a mill finished product, the allocation method adopted by the verification team is comparable to other exporters.

4.1.2 Production Volume

The exporter's CTM figures were based on quarterly sales volumes rather than production volume. The verification team obtained the exporter's quarterly finished goods production volumes and subsequently revised the CTM data using these production volumes.

4.1.3 Revised CTM

The verification team has revised the exporter's CTM figures by aggregating its actual production cost data into quarterly amounts, and using the allocation method outlined in section 4.1.1, comparing these costs to its reported production volumes to derive a unit CTM for each finish type in each quarter of the investigation period.

Details of the verification process are contained in the verification work program, and relevant attachments, at **Confidential Attachment 1**.

4.2 Verification of costs to source documents

The verification team verified the accuracy of Mien Hua's costs in the audited financial statements by reconciling them to source documents having regard to the procedures outlined in ADN No.2016/30.

PUBLIC RECORD

With a focus on verification of raw material costs, the verification team obtained copies of documents relating to Mien Hua's purchases of aluminium ingots and billet. The verification team compared the figures reported by Mien Hua its EQR to the source documents and observed the data to be accurate. Mien Hua also provided extracts from its general ledger accounts which were also found to be accurate. In addition, Mien Hua provided data from its manufacturing operations which detailed the cost of raw materials consumed. This data was found to flow through to the COGS data which was used by the verification team to revise Mien Hua's CTMS figures.

The verification team also obtained general ledger extracts to assist verifying costs reported in relation to manufacturing overheads (electricity), direct labour and manufacturing services. The verification team compared the details in the ledger to the figures contained in Mien Hua's COGS data. The verification team was satisfied that the amounts reported by Mien Hua were accurate.

Regarding selling, general and administration (SG&A) costs, Mien Hua provided detailed calculations to support the SG&A reported in its CTMS data. The verification team was satisfied that the SG&A costs reported by Mien Hua were reasonable.

Details of the verification process are contained in the verification work program, and relevant attachments, at **Confidential Attachment 1**.

4.3 Cost to make and sell – summary

Having verified Mien Hua's CTMS data for aluminium extrusions to audited financial accounts and to source documents, the verification team is satisfied that the revised CTMS spreadsheet is complete, relevant and accurate.

Mien Hua's revised CTMS spreadsheet is at **Confidential Appendix 2**.

5 VERIFICATION OF DOMESTIC SALES

5.1 Verification of domestic sales to audited financial statements

The verification team verified the completeness and relevance of Mien Hua's domestic sales listing by reconciling it to audited financial statements having regard to the procedures outlined in ADN No. 2016/30.

The verification team was satisfied with the data provided in relation to this process. Details of the verification are contained in the verification work program, and relevant attachments, at **Confidential Attachment 1**.

5.2 Verification of domestic sales to source documents

The verification team verified the accuracy of Mien Hua's domestic sales listing by reconciling it to source documents having regard to the procedures outlined in ADN No. 2016/30.

During verification to source documents, the verification team identified the following issues outlined below at 5.2.1 and 5.2.3 in which the exporter was required to rectify. Details of this verification process are contained in the verification work program, and its relevant attachments at **Confidential Attachment 1**.

5.2.1 Packing Costs

Similar to the issue outlined in section 3.2.1, the verification team observed a disparity between the packing costs reported by Mien Hua at item E-2.7 of its EQR and the figure it has reported in Appendix D-4 (domestic sales listing) of its EQR. The packing cost presented by Mien Hua during verification was found to be understated when compared to the figure reported in the original version of its EQR. On the same basis that the verification team could not readily identify the cost items in Mien Hua's revised packing cost calculations with the general ledger data, the original figure reported by Mien Hua at item E-2.7 of its EQR has been applied.

5.2.2 Domestic inland transport

The verification team observed that the exporter had understated its domestic inland transport costs when compared to the relevant ledger accounts.

The verification team has accordingly revised the data provided in the exporter's original EQR with the data obtained from the relevant ledger accounts. The resulting amount is a weighted average inland transport cost calculated for the investigation period applied to each sales transaction reported in the domestic sales listing of the EQR.

5.2.3 Credit terms

The proof of payment data relating to the invoices subject to downwards verification indicated that payment terms were not consistent with the terms stated on the exporter's commercial invoices. The verification team has therefore determined alternative credit terms by applying an accounts receivable turnover ratio.

5.3 Related customers

This verification team did not find that Mien Hua was related to any of its domestic customers.

5.4 Arm's length

In respect of Mien Hua's sales of aluminium extrusions to related and unrelated customers during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales by Mien Hua during the inquiry period were arms length transactions.

5.5 Ordinary course of trade

Section 269TAAD provides that if like goods are sold in the country of export at a price less than the cost of such goods, and are unrecoverable within a reasonable period, then they are taken not to have been sold in the OCOT.

The verification team compared the revenue (i.e. net sales value) for each domestic sale of aluminium extrusions to the corresponding quarterly domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20 per cent for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the investigation period. Those sales found to be unrecoverable were considered not to be in the OCOT.

5.6 Suitability of domestic sales

Subparagraph 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export.

Low volume is defined by subsection 269TAC(14) as less than 5% of the total volume of the goods under consideration that are exported to Australia.

The verification team found there was a sufficient volume of domestic sales made in OCOT in relation to the goods exported to Australia during the investigation period. Profitability of domestic sales.

PUBLIC RECORD

5.7 Domestic sales – summary

The verification team is satisfied that the domestic sales listing provided by Mien Hua is reasonably complete, relevant and accurate, and can be used for assessing normal value under subsection 269TAC(1).

The domestic sales spreadsheet is at **Confidential Appendix 1**.

6 ADJUSTMENTS

To ensure the normal value is comparable to the export price of the goods exported to Australia, the following adjustments were made to the normal value.⁴

6.1 Packing

As discussed at section 3.2.1 and 5.2.1, packing costs relating to goods sold in the exporter's domestic and export markets are different.

The verification team has therefore applied a downwards adjustment based on the weighted average domestic related packing costs and an upwards adjustment based on the weighted average export related packing costs.

6.2 Domestic inland transport

The verification team considers a downwards adjustment for domestic inland freight is required to ensure a fair comparison to the export price. The verification team applied a downwards adjustment based on the weighted average inland freight expenses reported and verified in the exporter's financial statements.

6.3 Export inland transport

The verification team considers an upward adjustment for export inland freight is required to ensure a fair comparison to the export price. The verification team applied an upwards adjustment based on the weighted average inland freight expenses from actual export expenses reported and verified in the export sales spreadsheet.

6.4 Export handling and other cost

The verification team considers an upwards adjustment for export handling and other costs is required to ensure a fair comparison to the export price. The verification team applied these upwards adjustments based on the handling expenses reported in the export sales spreadsheet.

6.5 Domestic and export credit terms

The verification team considers a downwards adjustment to the normal value for domestic credit terms is required to ensure fair comparison. The verification team's credit term calculations are outlined in section 3.2.3 and 5.2.3.

6.6 Specification adjustment

Subsequent to lodging its EQR, Mien Hua have claimed that a downwards adjustment to the normal value is necessary to account for differences in the cost of powder coating used for domestic and exported extrusions. Mien Hua advised that powder coated goods

⁴ In accordance with subsection 269TAC(8)

PUBLIC RECORD

sold in its domestic market come with a 20 year guarantee and as a result the powder coating used on domestically sold extrusions is more expensive due to its higher quality.

Mien Hua provided certificates of warranty relating to the powder coated domestic extrusions that are guaranteed for 20 years. The certificates related to two particular series of powder coating sourced from one supplier. One certificate stated a warranty period of 10 years whilst the second stated 20. Each warranty related to a specific project rather than all domestic customers.

In addition to the warranty certificates, Mien Hua provided a sample of invoices relating to purchases of the brand and series of powder referred to in the warranty certificates and a report, in the form of a spreadsheet, from its accounts detailing powder coating purchases. The report also contained calculations to demonstrate the cost of powder per kilogram of aluminium extrusion sold.

The verification team's examination of Mien Hua's initial calculations revealed the following issues;

- domestic powder coating cost was based on an incomplete data set;
- calculations of powder coating costs for the domestic and Australian market applied different methodologies;
- cost data was not presented on a quarterly basis; and,
- the weighted average unit cost of powder purchases could not be traced through to the unit cost per kilogram of aluminium extrusion sold.

Further enquires with the exporter which sought to clarify its powder coating costs were unsuccessful in satisfying the verification team that its claim for an adjustment could be accepted. The cost of powder applied in its CTMS data is therefore the weighted average cost of all powders consumed during each quarter of the investigation period.

6.7 Adjustments – conclusion

The verification team is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

Adjustment Type	Deduction/addition
Domestic inland transport and other charges	Deduct domestic inland transport costs and other charges.
Export inland transport and handling and other charges	Add export inland transport and other charges.
Domestic credit terms	Deduct domestic credit terms costs.
Domestic packaging costs	Deduct domestic packaging costs
Export packaging costs	Add export packaging costs

7 NORMAL VALUE

The verification team was satisfied that for the goods exported to Australia there were sufficient volumes of domestic sales at arms length transactions and at prices that were made in the OCOT. The verification team is therefore satisfied that the prices paid in respect of domestic sales of like goods are suitable for assessing normal value under subsection 269TAC(1).

In using domestic sales as the basis for normal values for like goods the verification team considers that certain adjustments, in accordance with subsection 269TAC(8), are necessary to ensure fair comparison of normal values with export prices as outlined in Chapter 6.

8 DUMPING MARGIN

The dumping margin has been assessed by comparing weighted average Australian export prices to the corresponding quarterly weighted average normal value for the investigation period.⁵

The dumping margin in respect of aluminium extrusions sold by Mien Hua for the investigation period is **11.6%**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 1**.

⁵ In accordance with subsection 269TACB(2)(a).

9 SUBSIDIES

9.1 Program 1: Preferential Import Tariffs

In its EQR, Mien Hua stated that it does not benefit from this program.

The verification team obtained documentation relevant to assess whether Mien Hua benefited from this subsidy program. A list of plant and equipment imported in the 7 year period commencing 1 July 2010 was provided by the exporter. The verification team obtained import declarations for a selection of plant and equipment to ascertain if import duty had been paid. The details on the declarations subject to examination indicated a zero rate of duty which corresponded with the exporter's EQR.

The verification team also obtained import declarations for a sample of ingot and billet purchases. Based on these declarations, the importation of ingots and billets were not subject to import duty.

To verify the data provided by the exporter, the verification team has had regard to the tariff data available on the Vietnam Government Department of Customs tariff database webpage.⁶ For many of the tariff codes under which goods had been imported by the exporter a zero rate of duty has applied since at least 2012. Special rates for imports from certain countries and in relation to a range of treaties, e.g. ASEAN, were also observed. In most cases the general rate was the same as the treaty rate, although for some tariff codes differing rates of duty applied.

In particular, imports of alloyed and non-alloyed aluminium would normally be subject to a 2% rate of general duty during the investigation period. However, for goods imported from a country of origin for which there is a treaty arrangement in place, with the exception of India, the rate is zero. Mien Hua imports of ingot and billets were observed to be from countries where a treaty was in force and the import duty was zero.

9.2 Program 2: Corporate Tax Incentives

An examination of Mien Hua's income tax returns for FY2014 and FY2015 revealed that it had paid the full rate of tax relevant to each financial year. With respect to the investigation period, since Mien Hua's financial year ends in December, its tax return for FY2016 is yet to be completed. In the absence of any other information and the on the basis of the observations of the FY2014 and FY2015 tax returns, the verification team is satisfied that Mien Hua will be subject to the full rate of tax relevant to FY2016.

9.3 Program 3: Incentives on non-agricultural land tax

An examination of Mien Hua's EQR data appeared to indicate that it leased the land and buildings where it is located. In order to establish if Mien Hua had received a benefit under Program 3, the verification team obtained copies of Mien Hua's lease agreement, proof of lease payment being made and extracts from the relevant accounts in its general

⁶ <https://www.customs.gov.vn/SitePages/Tariff-Search.aspx?language=en-US>

PUBLIC RECORD

ledger showing the lease expenses. The documents confirmed that Mien Hua was the lessee and was paying the lease. Since it is the verification team's understanding that a lease holder would not be subject to land tax payments, the verification team is satisfied that this program is not applicable to Mien Hua.

Details of the verification of subsidies are contained within the verification work program at **Confidential Attachment 1**.

PUBLIC RECORD

10 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Mien Hua Dumping Margin Calculations
Confidential Appendix 2	Mien Hua Domestic and Export CTMS
Confidential Attachment 1	Verification work program, with attachments