



Exporter verification report

Verification and case details

Company verified	Rhine Sinkwares Manufacturing Ltd Huizhou
Case number	646 and 652
Initiation Anti-Dumping Notice (ADN)	Case 646: 2024/028 Case 652: 2024/039
The goods under consideration	Deep Drawn Stainless Steel Sinks
Case type	Continuation Inquiry
Location	Changfu Road, Changning Boluo, Huizhou, Guangdong, China
Verification meeting dates	31/07/2024 to 5/08/2024
Inquiry and review period	1/04/2023 to 31/03/2024

This report details the findings and recommendations of a verification team in the Anti-Dumping Commission.

This report may not reflect the Anti-Dumping Commission's final position.

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1 REPORT SUMMARY

1.1 About this report

The commission sent out a questionnaire to collect exporter information for continuation inquiry 646 (case 646) and review of measures and revocation review 652 (case 652) into Deep Drawn Stainless Steel Sinks exported from the People's Republic of China (China) during the inquiry and review period.

Rhine Sinkwares Manufacturing Ltd Huizhou (Rhine) responded to this questionnaire relating to sales from China.

A team of staff from the commission verified the information Rhine submitted to assess if the commission should rely on this information. The team met with representatives for Rhine to assist the verification.

The commission has reviewed the information submitted by Rhine and the findings of the team. This report details the commission's verification findings and recommendations about Rhine for case 646 and 652.

A finding made in this verification report (verification finding) and verification recommendations (verification recommendations) are made in the context of this verification only. These verification findings and verification recommendations may be referred to and relied on in the Statement of Essential Facts and Final Report for case 646 and 652.

1.2 Key dumping and subsidy margin recommendations

At this point of the inquiry, the commission makes no recommendation on the calculation of the normal value and dumping margin. The commission cannot calculate the normal value at this point of the inquiry as it has not calculated the cost of production and manufacture of like goods. The commission will outline the calculation of normal value and dumping margin in the Statement of Essential Facts.

Rhine was not found to have received any countervailable subsidies.

1.3 Key verification findings

The commission finds the information Rhine submitted is complete, relevant and accurate after material revisions.

For more information on the verification process, see **chapter 3**. For the commission's key verification findings, see **chapter 3.9**.

1.4 Abbreviations in this report

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901 (Cth)***
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015 (Cth)***
- the term **ADN** refers to **Anti-Dumping Notice**.

2 VARIABLE FACTORS

2.1 Major recommendations

The commission recommends using section 269TAB(1)(a) to set an export price at **chapter 2.3**.

The commission recommends that it cannot set a normal value at chapter at **chapter 2.4**.

The commission recommends that it cannot calculate a dumping margin at **chapter 2.5**.

The commission recommends that it cannot calculate a subsidy margin at **chapter 2.6**.

2.2 About this chapter

2.2.1 Chapter structure

This chapter details the commission's recommendations about how to set the variable factors used to calculate the rates of dumping and countervailable subsidy for goods that Rhine produced or sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available.

This chapter briefly describes the meaning of variable factors and its associated terms.

This chapter then summarises the commission's recommendations about how to set:

- an **export price**
- a **normal value**
- a **dumping margin**
- a **subsidy margin**.

2.2.2 What are variable factors?

Variable factors are numerical values that the commission uses to calculate the levels of dumping or countervailable subsidy. By verifying a company's data, the commission aims to set accurate variable factors and accurately calculate the level of dumping or countervailable subsidy.

The commission has explained some concepts relating to variable factors. These explanations are in simple terms and may not reflect the full, technical definitions.

Goods

The goods exported into Australia are **Australian export goods** or the **goods under consideration**.

Goods that are the same or similar to Australian export goods are **like goods**.

Variable factors

Dumping occurs if the price of Australian export goods (the **export price**) is less than the equivalent price of like goods in an exporter's domestic market (the **normal value**).

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The **amount of dumping** is the difference between a normal value and the corresponding export price – that is, the normal value minus the export price.

A **subsidy** is a financial contribution, income support or price support, from a country of export Government, public body or a private body being directed by the Government or public body that confers a benefit to Australian export goods.

The Australian government can cancel out – that is, **countervail** – the effect of a subsidy, if that subsidy is specific to Australian export goods. In other words, a subsidy specific to Australian export goods is a **countervailable subsidy**.

The minimum export price to prevent material injury to an Australian industry is the **non-injurious price**. The commission typically relies on information from Australian industry and other sources to calculate this price, which is beyond the scope of this verification. The commission has therefore not calculated a non-injurious price in this report.

Margins calculated using variable factors

A **dumping margin** is the rate of dumping compared to the export price.

A **subsidy margin** is the rate of countervailable subsidy attributable to Australian export goods.

2.3 Export price

2.3.1 The commission's recommendation

Summary

The commission recommends using section 269TAB(1)(a) to set an export price.

In more detail

The commission recommends setting an export price for Rhine under section 269TAB(1)(a).

Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

To calculate an export price using a consistent delivery term for all sales, the commission adjusted one transaction that was sold at Ex-works (EXW) by adding an amount for export inland transport and export port handling. All other export sales were sold on free on board (FOB) terms.

Confidential Appendix 1 contains the commission's export price calculations.

2.3.2 General method

Section 269TAB lists different ways to calculate an export price based on the facts available.

The commission considers these questions, among others, before calculating an export price:

- Did the verified company sell goods for Australian export?
- Who is the exporter?
- Who is the importer?
- Did the exporter sell to the importer at arm's length?

In this chapter, the commission summarises its findings about facts that affect how to calculate an export price.

2.3.3 The verified company produced and exported the Australian export goods

The commission finds that Rhine produced and exported the Australian export goods during the inquiry and review period.

The commission also assesses if Rhine produced or sold the goods for its domestic market at **chapter 2.4.3**.

2.3.4 Who is the exporter?

The commission's finding

The commission considers Rhine is the exporter of the Australian export goods because this company:

- produced the Australian export goods
- is named as the supplier on commercial invoices.
- is named as consignor on bills of lading
- arranged and paid for inland transport to the port of export

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- arranged and paid for port handling charges at the port of export

General method

The commission generally identifies an **exporter** as a company, located in the country of export, who is a principal company involved in an Australian export goods transaction. At least one of the following generally also applies for a company to be an exporter:

- the company knowingly transferred the goods to its own vehicle, or to a freight company, to deliver the goods to Australia
- at the time the goods shipped, the company owned or previously owned the goods.

To identify the exporter, the commission typically relies on information about Australian export transactions from stakeholders and Australian Border Force.

2.3.5 Who is the importer?

The commission's finding

For all transactions, the commission considers the company listed as the customer on the commercial invoices is the importer of the Australian export goods. In other words, the company listed as the customer on the commercial invoices beneficially owned the Australian export goods at the time of import into Australia.

For each transaction, the company listed as the customer on the commercial invoices:

- is named as the consignee on bills of lading
- is named as the importer on import declarations to ABF
- paid for all the importation charges
- arranged delivery from the port of arrival in Australia.

General method

An **importer** is the beneficial owner of goods at the time of import. The beneficial owner may differ from the listed or nominal owner of the goods.

For example, a parent company can have direct control over a subsidiary company's assets and decisions. If that parent company lists its subsidiary company as the owner of goods at the time of import, the commission would find that parent company is the importer because it beneficially owns the goods.

To identify the importer, the commission typically relies on information about Australian export transactions provided by stakeholders and Australian Border Force.

2.3.6 The Australian export sales are all at arm's length

The commission's finding

For the Australian export goods sold during the inquiry and review period, the commission finds that Rhine:

- sold at arm's length to unrelated customers
- did not sell any goods to related customers.

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Further details – unrelated customers

For all unrelated customer transactions, the commission finds that Rhine sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Rhine:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

2.4 Normal value

2.4.1 The commission's recommendation

Summary

At this point of the inquiry, the commission makes no recommendation on the calculation of the normal value.

The commission cannot calculate normal value at this point of the inquiry as it has not calculated the cost of production and manufacture of like goods. The commission will outline the calculation of normal value in the Statement of Essential Facts.

2.4.2 General method

Section 269TAC lists different ways to calculate a normal value based on the facts available.

The commission considers these questions, among others, before calculating a normal value:

- Did the verified company, or a party related to the verified company, sell like goods domestically?
- Were there any domestic sales of like goods?
- Was there a low volume of domestic like goods sales?
- Were the domestic like goods sales at arm's length?
- Were the domestic like goods sales in the ordinary course of trade?
- Does the normal value require adjustments to properly compare it to the export price?

2.4.3 The verified company produced and sold like goods for the domestic market

The commission finds that, during the inquiry and review period, Rhine produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestic goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

The commission also assesses if Rhine produced or sold the goods for Australian export at **chapter 2.3.3**.

Physical likeness

Rhine does not distinguish between domestic like goods and the Australian export goods during production (production is the same for the exported goods and goods sold in the domestic market, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same).

Production likeness

Rhine produced all goods at the same facilities, using the same raw material inputs and production processes.

Commercial likeness

All goods compete in the same market sector, are interchangeable and use similar distribution channels.

Functional likeness

All goods are functionally alike, as they have similar end uses.

2.4.4 The domestic sales are all at arm's length

The commission's overall finding

For the domestic like goods sold during the inquiry and review period, the commission finds that Rhine:

- sold at arm's length to unrelated customers
- did not sell any goods to related customers.

Further details – unrelated customers

For all unrelated customer transactions, the commission finds that Rhine sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Rhine:

- sold goods at similar prices to all unrelated customers
- appeared to genuinely negotiate the price with unrelated customers.

2.4.5 The production cost data reported is complete, relevant and accurate

The commission's finding

The commission finds that Rhine's recorded data is complete, relevant and accurate.

Why the commission assesses production records

We assess the records as part of the cost of production assessment.

The commission's assessment of production cost records for verification purposes includes the following:

- analysing transactions for materials or services supplied by a related party.
- making observations as to whether the exporter's records reasonably reflect the costs associated with the production or manufacture of like goods.
- ensuring the exporter's production costs records are complete, relevant and accurate [as detailed in chapter 3].

2.4.6 Were domestic sales in the ordinary course of trade?

General method

The commission assesses if domestic like goods sold in the ordinary course of trade before selecting which method to recommend for setting a normal value under section 269TAC.

Section 269TAAD sets out which sales are in the ordinary course of trade. Under this section, a domestic like goods sale is **not** in the ordinary course of trade if the conditions below apply to the sale:

- the sale is **unprofitable in substantial quantities** over an extended period
- the sale is **unlikely to be recoverable** within a reasonable period.

The commission typically uses this method to assess each step of identifying a sale not in the ordinary course of trade.

1. A sale is **unprofitable** if its unit price is less than the corresponding unit cost to make and sell in the sales month or sales quarter
2. All sales for a model are unprofitable **in substantial quantities** if the volume of unprofitable sales is 20% or more of the total volume of sales
3. A sale is **unlikely to be recoverable** if its unit price is less than the corresponding unit cost to make and sell for the entire reasonable period.

The commission typically sets both the ‘extended period’ and ‘reasonable period’ under section 269TAAD as the inquiry, investigation or review period for a case – whichever applies to that case.

The commission’s method

The commission cannot assess whether the exporter’s sales of like goods in the inquiry period were in the ordinary course of trade as the commission has not yet calculated the cost of production or manufacture of the like goods sold in the inquiry period. However, the following outlines the commission’s proposed findings concerning other factors relevant to assessment of sales in the ordinary course of trade. The commission’s full determination concerning sales in the ordinary course of trade will be outlined in the Statement of Essential Facts.

The following table summarises the figures the commission proposes to use to assess if Rhine’s domestic like goods sales are in the ordinary course of trade.

Component	Details
Extended unprofitability period	The inquiry period
Reasonable recoverability period	The inquiry period
Price	Net invoice price
Cost	To be determined
Weighted average cost	To be determined
Date of sale: Australian exports	Australian sales invoice date
Date of sale: domestic	Domestic sales invoice date

Table 1 Ordinary course of trade assessment details

2.4.7 Is there a low volume of relevant domestic sales?

About this chapter

Under section 269TAC(1), the commission must set a normal value using a sufficient volume of domestic like goods.

If the commission uses a low volume of domestic like goods to set a normal value, then the normal value does not properly compare to the export price when measuring the level of dumping and the commission cannot set a normal value under section 269TAC(1).

To assess if there is a large enough volume of domestic sales to set a normal value under section 269TAC(1), the commission must compare the domestic and Australian export sales volumes for an exporter. If the domestic sales volume is less than 5% of the Australian export sales volume, the commission must also assess if the domestic sales volume is still large enough to use in a normal value that properly compares to the export price.

The commission uses this method to compare domestic and Australian export sales volumes both overall and for each model sold as Australian export goods. When comparing sales volumes for an individual model, the commission may use a surrogate domestic sales model to calculate normal value for the Australian export sales model.

Section 269TAC(14) sets this sufficiency test for dumping investigation cases. The commission also uses this sufficiency test when setting a normal value in other case types.

The figure below summarises the possible outcomes when assessing domestic sales volumes to use in a normal value set under section 269TAC(1).

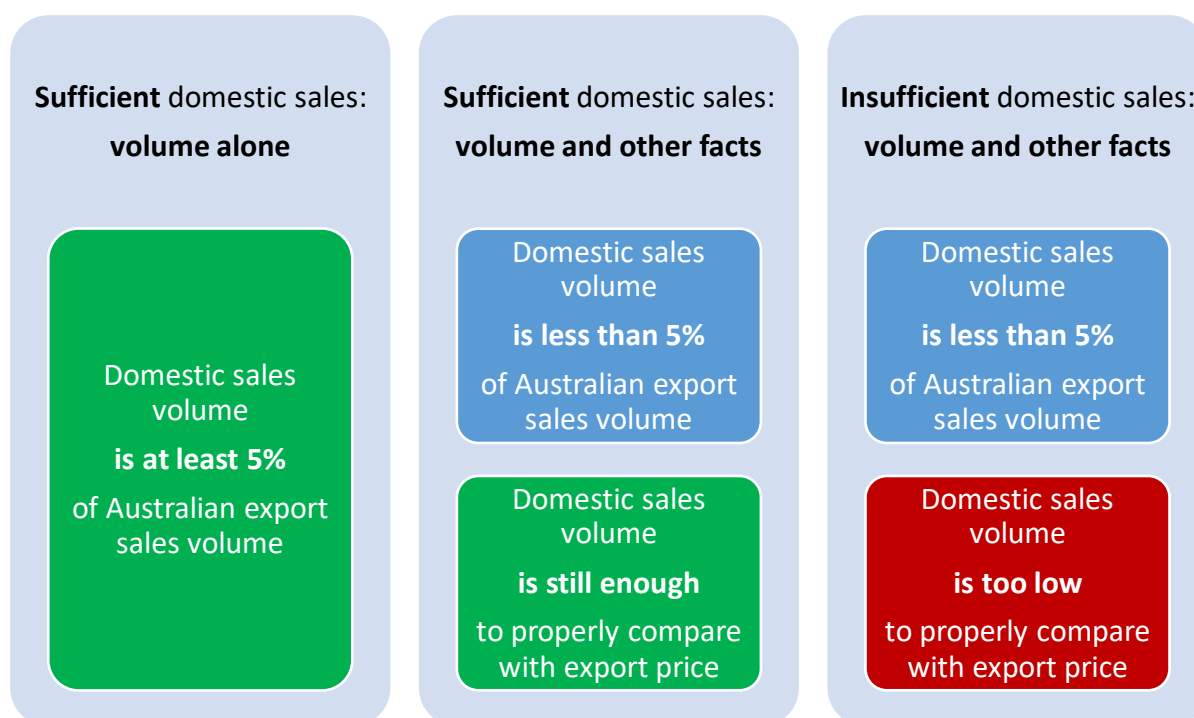


Figure 1 Possible findings about domestic sales volumes for section 269TAC(1) normal value

The commission’s finding about total sales volume

The commission is not yet able to determine if the exporter’s volume of domestic sales in the ordinary course of trade on the basis it is still considering the suitability of the exporter’s cost

of production records. The commission’s full determination concerning sales in the ordinary course of trade will be outlined in the Statement of Essential Facts.

2.4.8 Summary of adjustments to the normal value

The commission proposes that the following adjustments will be necessary to properly compare the export price of Australian export goods to the corresponding normal values, whether they are made under section 269TAC(8) or 269TAC(9), pending further consideration. A recommendation on the appropriate section will be made in the Statement of Essential Facts.

Adjustment description	How to apply an amount for adjustment
Domestic credit terms	Deduct
Domestic packaging	Deduct
Export packaging	Add
Export inland transport	Add
Export port handling	Add
Export related bank fees	Add
Export sink accessories	Add
Export PVD coating	Add
Specification	Either add or deduct
Timing	Either add or deduct

Table 2 Summary of adjustments

The commission details how it assessed normal value adjustments at **chapter 3.10**.

2.5 Dumping margin

As outlined in **chapter 2.4**, the commission did not calculate a normal value. The commission therefore could not calculate a dumping margin for the goods Dali exported to Australia in the inquiry period.

The commission will calculate a dumping margin and describe its calculation in the Statement of Essential Facts.

2.6 Subsidy margin

As Rhine was not found to have received countervailable subsidies during the inquiry period the commission has not calculated a subsidy margin.

3 VERIFICATION DETAILS

3.1 Major findings

The commission finds the information Rhine submitted is complete, relevant and accurate after material revisions.

3.2 About this chapter

This chapter details what the commission found when verifying Rhine's questionnaire response for case 646.

This chapter first summarises verified key details about Rhine, relating to:

- corporate operations and structure
- accounting records
- the range of goods produced or sold.

This chapter outlines the commission's method to verify and validate Rhine's submitted information.

This chapter then summarises the commission's assessment of Rhine's submitted information. This summary includes a list of material revisions made to this information before the commission finalised the verification.

3.3 Corporate information

3.3.1 Company information

Rhine Sinkwares Manufacturing Ltd. Huizhou (Rhine) is a privately owned company that is engaged in the production and sales of stainless-steel sinks. Rhine is located in the Huizhou area in Southern China.

3.3.2 Related companies

The commission examined the relationships between Rhine and the parties involved in it producing or selling the goods.

The commission found no related party customers or suppliers involved in Rhine producing or selling the goods during the inquiry and review period.

3.3.3 Production process and cost allocation

Rhine produced the goods by:

1. Stainless steel coil (304) is cut to the desired size
2. The steel is fed into a drawing machine where it is drawn into the desired shape (bowl or drainer board of various designs) and cut to size
3. Where relevant the bowls and drainer boards are welded together to form a sink
4. The sink is polished and sandblasted
5. Some sinks will be further processed with an anti-condensation coating applied underneath the sink (for some domestic goods only), or Physical Vapour Deposition (PVD) coating where specified (export only)

Finally, the sink is inspected and packaged.

Scrap offset	Offset against CTM weighted across all products.
Other material cost and accessories	Actual cost allocated to each model based on pieces.
Direct labour	Actual cost allocated to each model based on pieces.
Manufacturing overheads	Actual cost allocated to each model based on pieces.
Depreciation	Actual cost allocated to each model based on pieces.

Table 3 outlines how the commission allocated each cost component.

Cost component	Allocation method applied
Raw materials	Allocated based on production quantity in kg.
Scrap offset	Offset against CTM weighted across all products.
Other material cost and accessories	Actual cost allocated to each model based on pieces.
Direct labour	Actual cost allocated to each model based on pieces.
Manufacturing overheads	Actual cost allocated to each model based on pieces.
Depreciation	Actual cost allocated to each model based on pieces.

Table 3 Cost allocation method

3.4 Do the accounting records comply with generally accepted accounting principles?

The commission finds that Rhine’s accounting records for the inquiry and review period comply with the generally accepted accounting principles of China.

Huizhou Guangcheng Certified Public Accountant’s audited Rhine’s financial statement and included a statement that the financial accounts comply with provisions of Accounting Standards for Business Enterprises.

3.5 Types of goods produced or sold in the submitted information

3.5.1 Model control code compliance and amendments

The sales and costs data Rhine submitted complies with the model control code (MCC) structure detailed in ADN 2024/028.

After comparing prices of different models of the goods, the commission recommends amending the MCC structure.

The commission recommends amending the MCC structure for sales by adding an additional category for those models that have a PVD coating applied. MCC’s with a PVD coating were only sold on the export market. The commission did not recommend a change to the MCC structure for costs.

3.5.2 Verification of model control codes

3.5.3 Number of Drainer Boards	The number of drainer board were identified on source documents (invoices).
Total Sink Capacity (Litres or “L”)	The sink capacity was verified through the dimension specific to the product code and then mapped to the MCC.
PVD coating	Verified through source documents (invoices) and product codes.

Table 4 details how the commission determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Number of Bowls	The number of bowls were identified on source documents (invoices).
Number of Drainer Boards	The number of drainer board were identified on source documents (invoices).
Total Sink Capacity (Litres or “L”)	The sink capacity was verified through the dimension specific to the product code and then mapped to the MCC.
PVD coating	Verified through source documents (invoices) and product codes.

Table 4 MCC sub-category determination

3.5.4 List of model control codes

Rhine both produced and sold the following MCCs during the inquiry and review period:

Domestic Sales	Domestic Costs	Australian Sales	Australian Costs
1BWL-0DB-A	1BWL-0DB-A	1BWL-0DB-A	1BWL-0DB-A
2BWL-0DB-B	2BWL-0DB-B	1BWL-0DB-A-PVD	1BWL-0DB-A
2BWL-0DB-C	2BWL-0DB-C	1BWL-0DB-B	1BWL-0DB-B
3BWL-0DB-C	3BWL-0DB-C	1BWL-1DB-A	1BWL-1DB-A
		2BWL-1DB-A	2BWL-1DB-A
		2BWL-1DB-B	2BWL-1DB-B

Table 5 List of MCCs produced or sold

3.6 Method to validate information

3.6.1 Valid information is complete, relevant and accurate

A valid exporter questionnaire response includes data listings about sales, costs and subsidy programs.

Before relying on submitted data listings, the commission first verifies if these listings are:

- **complete**, as in, including all the relevant data
- **relevant**, as in, including only relevant data
- **accurate**, as in, including only correct data.

In practice, the commission typically verifies data listings as complete and relevant at the same time.

3.6.2 Further detail about the commission’s typical process

[ADN 2016/30](#) describes the commission’s standard procedure to verify and validate stakeholder information.

This report summarises how the commission verified Rhine in **chapters 3.7 and 3.8**. Unless otherwise stated, the commission’s verification method is consistent with ADN 2016/30.

The commission details its process and findings in the verification work program at **confidential attachment 1**.

3.7 Method to verify information as complete and relevant

3.7.1 The commission’s general method

The commission verifies data listings as complete and relevant by reconciling each listing’s sum total up to audited financial records.

The commission typically reconciles a listing to audited records incrementally. The commission typically links a listing subtotal to management accounts, then links those management accounts to the audited records.

Figure 2 outlines how the commission verifies different topics as complete and relevant.

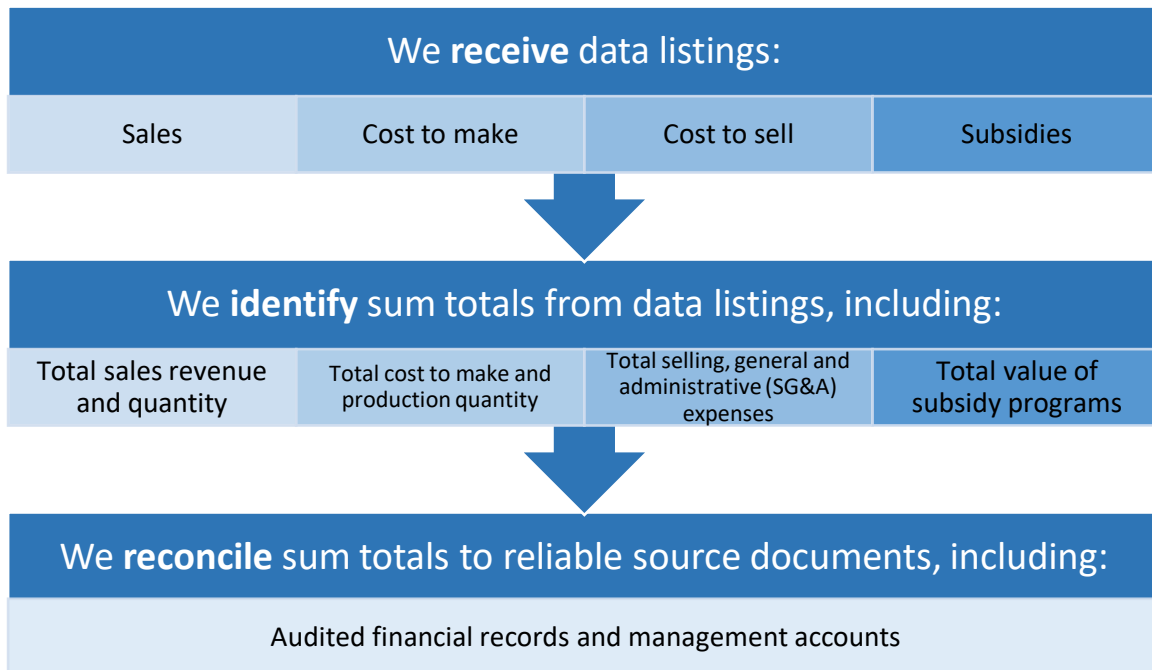


Figure 2 How the commission verifies data as complete and relevant

3.7.2 How the commission applied the commission’s method

The commission followed the commission’s general verification method, described above, to assess if the submitted information is complete and relevant. See below for more details.

Sales

The commission:

1. reconciled revenue for the 2023 calendar year (Chinese financial year) to the 2023 audited accounts.
2. excluded revenue under the account for other business income
3. removed revenue for the first three months of 2023 (not in the inquiry period)
4. added revenue for the first three months of 2024
5. reconciled the accessory sales.
6. verified the 'other business income,' being scrap sales
7. verified the total goods under consideration by:
 - Balancing domestic, AU export and third country sales back to the trial balance for the inquiry period
 - Removing non-good sales from Domestic, AU export and third country sales

Cost to make

The commission:

1. reconciled the Cost of Sales (Operating Cost) in the Audited Income Statement for 2023
2. reconciled Audited Income Statement to the Trial Balance for 2023
3. reconciled the amount for the IP by deducting the amount of operating cost for 1/1/2023 to 31/3/2023 and adding the Operating Cost for 1/1/2024 to 31/3/2024. These were reconciled to the Trial Balance and Income Statements for these quarters.
4. added the semi-finished goods-in for a Total cost to make (CTM) over the IP for all products
5. total CTM was then reconciled to GUC, semi-finished goods and other products through the Trial Balances and Monthly cost of material (COM) sheets
6. monthly COM for all products then broken down to the GUC
7. CTM for the GUC then reconciled to Domestic (G-3), Australian Sales (G-5), and Third Country via the COM for the GUC in the inquiry period

Cost to sell

The commission:

1. reconciled the selling, general and administration (SG&A) listing to the audited profit and loss statement and trial balance 2023
2. reconciled the trial balance for 2023 through to the trial balance for the inquiry period
3. verifying that the direct selling expenses had been correctly categorised and excluded where appropriate
4. reconciling the direct selling expenses to the sales listings
5. verifying a sample expense to the financial system
6. reviewing and removing expenses not to be included in the domestic SG&A calculation
7. verifying that the SG&A expenses had been correctly allocated in accordance with the commission's preferred methodology

Subsidies

The commission investigated the following subsidy types:

1. less than adequate remuneration
2. tax benefits
3. financial grants.

The commission:

1. Did not find any evidence to suggest that Rhine received raw materials provided by the government at less than fair market value during the inquiry period. The commission verified that raw materials purchased by Rhine during the inquiry period were produced by non-state invested enterprises (SIEs).
2. During the inquiry period, the commission found that Rhine did not receive any tax benefits. This was verified through analysing Rhine's tax records including tax returns and tax payments. However, the commission did find that Rhine received a tax benefit during the 2022 financial year. The tax benefit has been previously countervailed in continuation 517 (Program 8 - Tax preference available to companies that operate at a small profit).
3. The commission did not identify any evidence that Rhine received financial grants during the inquiry period. The commission verified this through reviewing Rhine's audited financial statements and 'non-operating' income and 'other operating' income ledgers.

3.8 Method to verify information as accurate

3.8.1 The commission's general method

To verify the listings are accurate, the commission typically reconciles key data from a selection of transactions in the listings down to source documents.

Figure 3 outlines how the commission verifies different topics as accurate.

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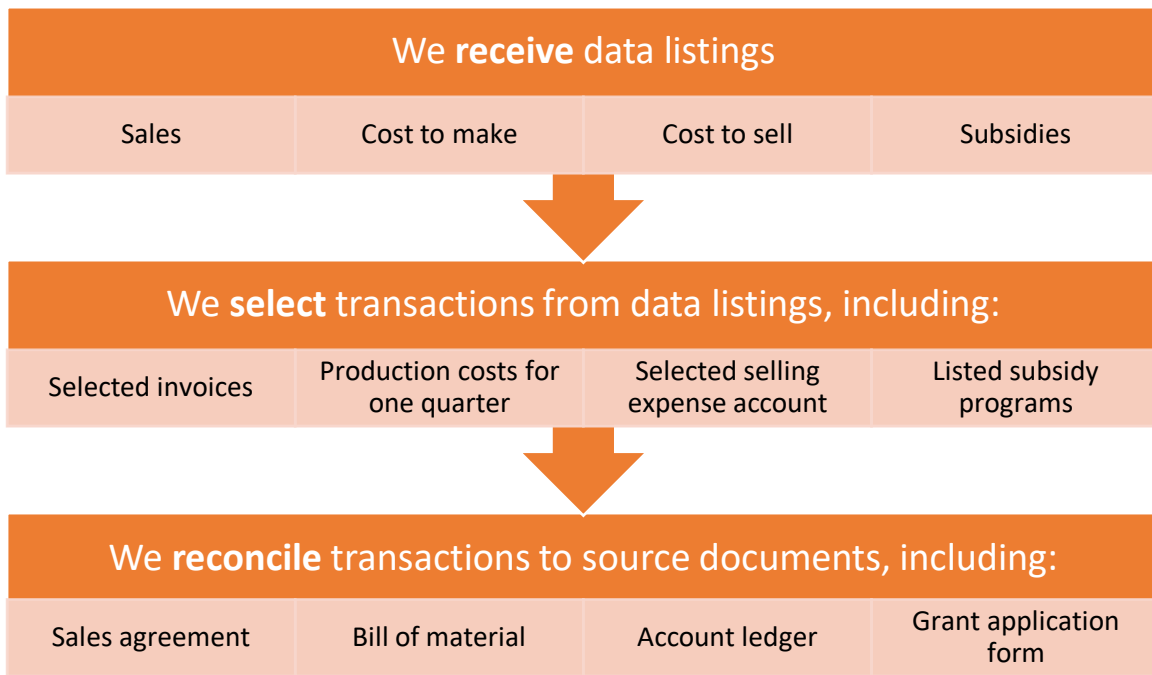


Figure 3 How the commission verifies data as accurate

3.8.2 How the commission applied the commission's method

Following the commission's general method, described above, the commission verified the submitted information as accurate by verifying the listings down to source documents.

3.9 Verification findings and material revisions

3.9.1 The submitted information is complete and relevant

Overall

The commission finds that the information Rhine submitted is complete and relevant after material revisions.

Cost to make

Material revision 1: Allocation of costs by pieces

Description: Rhine allocated all cost elements in their CTM listing by kilogram (kg). For accuracy, the verification team recommends that cost elements other than raw materials is to be allocated by pieces (units) produced. This includes Other Materials & Accessories, Direct Labour Cost and Overheads to be allocated by pieces. Raw materials are still allocated by kg.

Resolution: At the request of the verification team Rhine reallocated cost items (Other Materials & Accessories, Direct Labour Cost, and Overheads) by pieces.

Material revision 2: Removal of galvanised steel and scrap offset in CTM

Description: The verification team identified that galvanised steel was included in raw materials. This is not used in the production of the GUC, and therefore the verification team requested that it be removed from the CTM. The galvanised steel was used in the production of laundry cabinets.

The verification team also identified that sales of scrap steel was not offset against the CTM. The verification team requested that scrap can be offset against the CTM.

Resolution: Rhine provided a revised CTM listing with costs for galvanised steel removed, and an amount for scrap offsetting the CTM.

Cost to sell

Material revision 3: Addition of expense accounts excluded from SG&A

Description: The verification team identified that expenses for Taxes and Surcharges, Late Payment Fees, and Donation Fees were incorrectly excluded from the SG&A listing.

Resolution: The verification team has added in expenses for Taxes and Surcharges, Late Payment Fees, and Donation Fees to the SG&A listing. These have been taken from the Trial Balance listing for the IP

Material revision 4: Removal of expense accounts included in SG&A

Description: The verification team identified that expenses for Exchange Gains and Losses were incorrectly included in the SG&A listing. Rhine does not import any raw materials used in the production of the goods and are therefore not relevant to domestic SG&A.

Resolution: The verification team has removed an expense for Exchange Gains and Losses from the SG&A listing.

PUBLIC RECORD

Material revision 5: Expense account not a direct selling expense in SG&A

Description: The verification team identified that the transportation costs were classified as a direct selling expense, noting that all domestic sales were sold at EXW terms. These costs included transportation of products to an exhibition in Shanghai.

Resolution: The verification team has reclassified this account as not being a direct selling expense and has included in the SG&A listing.

Material revision 6: Update salary expense in SG&A

Description: The verification team identified that salary expenses were understated for the months of November and December 2023 due to inadvertently excluding a payment in each month for administration staff.

Resolution: The verification team has revised salary expense in the SG&A listing. This resulted in a small increase in SG&A overall.

Subsidies

No material revisions.

3.9.2 The submitted information is accurate

Overall

The commission finds that the information Rhine submitted is accurate after material revisions.

Sales

Material revision 7: Date of Sale

Description: Rhine had selected a date of sale based on the date the sales invoice was posted into its accounting system.

Resolution: The verification team has amended the date of sale to be based on the invoice date.

Material revision 8: Bank Charges

Description: Some payments from export customers had bank charges excluded and as a result they did not fully balance to the invoice value.

Resolution: At the request of the verification team Rhine edited the export sales worksheet to include bank charges separately.

PUBLIC RECORD

Cost to make

Material revision 9: Update capacity utilisation table

Description: The verification team identified that production capacity recorded in their capacity utilisation table for 2023 and the inquiry period was understated. The verification team also identified that non-GUC were being counted against the total production capacity.

Resolution: The verification team revised the production capacity upwards to reflect the capacity achieved in 2022 and removed non-GUC from the calculation. This resulted in the capacity utilisation percentage decreasing.

Material revision 10: Update raw materials listing

Description: The verification team identified that raw materials listing was based on voucher date and therefore did not pick up all raw materials purchased during the inquiry period.

Resolution: Rhine revised the raw materials purchase listing to include purchases of raw materials invoiced throughout the inquiry period. They also revised the listing to include who the manufacturer of the steel was.

Cost to sell

No material revisions.

Subsidies

Material revision 11: Update to tax return spreadsheet

Description: Tax return spreadsheet did not reconcile to the tax returns provided. 'Total profit' as opposed to 'Taxable Income after adjustments' was reported.

Resolution: The verification team manually revised the tax return spreadsheet to reconcile to the tax return statements.

Material revision 12: Turnover spreadsheet

Description: The turnover spreadsheet provided with the REQ did not reconcile to the management accounts provided. The variance was only minor.

Resolution: Rhine provided a revised turnover spreadsheet that reconciled to the management accounts.

3.10 Adjustments to compare export price and normal value

The commission lists the adjustments it proposes to recommend in this report at **chapter 2.4.8**.

The commission assessed the proposed adjustments to properly compare the export price for Australian export goods to the corresponding normal value.

Adjustment type	Adjustment assessment	Evidence and proposed calculation method	Who claimed this adjustment?	Did the commission apply this adjustment?
Domestic credit terms	Rhine's domestic customers had variable average payment days and payment terms. The team considered applying a credit terms adjustment to ensure proper comparison with equivalent Australian export price.	The team calculated the unit credit cost as equal to the net unit invoice value × interest rate × payment days/365, with the interest rate equal to Rhine's weighted average deposit rate.	The verified company	Proposed to apply if applicable
Domestic packaging	Rhine has different packaging for domestic and export customers with differing unit costs.	Based on weighted average packaging costs for packaging type from source documents.	The verified company	Proposed to apply if applicable
Export packaging	Rhine has different packaging for domestic and export customers with differing unit costs	Based on weighted average packaging costs for packaging type from source documents.	The verified company	Proposed to apply if applicable
Export inland transport	Rhine incurred different inland transport expenses for domestic and export sales.	Based on the weighted average actual transport costs incurred from source documents.	The verified company	Proposed to apply if applicable
Export port handling	Rhine paid port handling charges for Australian export sales but not domestic sales.	Based on the weighted average port handling expenses incurred for all export sales from source documents.	The verified company	Proposed to apply if applicable
Export related bank charges	Rhine incurred banking costs in relation to payments received from export customers.	Based on weighted average cost of bank charges over inquiry period from source documents.	The verified company	Proposed to apply if applicable
Export sink accessories	Rhine export sales included various accessories not supplied to domestic customers.	Based on weighted average actual cost of accessories for export sales over the inquiry period.	The verified company	Proposed to apply if applicable

PUBLIC RECORD

Adjustment type	Adjustment assessment	Evidence and proposed calculation method	Who claimed this adjustment?	Did the commission apply this adjustment?
Export PVD coating	There were some export MCC's that were coated black with a PVD coating.	An amount was applied to domestic MCC's for the cost of PVD coating.	The commission	Proposed to apply if applicable

Table 6 Assessment of adjustments

4 APPENDICES AND ATTACHMENTS

Confidential appendix 1: Export price

Confidential appendix 2: Cost to make and sell [not available]

Confidential appendix 3: Normal value [not available]

Confidential appendix 4: Dumping margin [not available]

Confidential attachment 1: Verification work program