



Australian Government  
Department of Industry,  
Innovation and Science

Anti-Dumping  
Commission

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## Exporter Questionnaire

### ***Zhongshan Jiabaolu Kitchen & Bathroom Products Co., Ltd***

Case number: 517

Product: DEEP DRAWN STAINLESS STEEL SINKS

From: The People's Republic of China

Inquiry period: 01 July 2018 to 30 June 2019 (the inquiry period)

Response due by: **Friday 9 August 2019**  
**[Extended to Monday, 19 August 2109]**

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

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## CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A Company information	<input checked="" type="checkbox"/>
Section B Export sales to Australia	<input checked="" type="checkbox"/>
Section C Exported goods & like goods	<input checked="" type="checkbox"/>
Section D Domestic sales	<input checked="" type="checkbox"/>
Section E Due allowance	<input checked="" type="checkbox"/>
Section F Third country sales	<input checked="" type="checkbox"/>
Section G Cost to make and sell	<input checked="" type="checkbox"/>
<b>Error! Reference source not found.</b>	<input checked="" type="checkbox"/>
Section H Countervailing	<input checked="" type="checkbox"/>
Exporter's declaration	<input checked="" type="checkbox"/>
Non-confidential version of this response	<input checked="" type="checkbox"/>

**PUBLIC VERSION**

<b>Attachments</b>	<b>Please tick if you have provided spreadsheet</b>
B-2 Australian sales	<input checked="" type="checkbox"/>
B-4 Upwards sales	<input checked="" type="checkbox"/>
B-5 Upwards selling expenses	<input checked="" type="checkbox"/>
D-2 Domestic sales	<input checked="" type="checkbox"/>
F-2 Third country sales	<input checked="" type="checkbox"/>
G-3 Domestic CTM	<input checked="" type="checkbox"/>
G-4.1 SG&A listing	<input checked="" type="checkbox"/>
G-4.2 Dom SG&A calculation	<input checked="" type="checkbox"/>
G-5 Australian CTM	<input checked="" type="checkbox"/>
G-7.2 Raw material CTM	<input checked="" type="checkbox"/>
G-7.4 Raw material purchases	<input checked="" type="checkbox"/>
G-8 Upwards costs	<input checked="" type="checkbox"/>
G-9 Capacity Utilisation	<input checked="" type="checkbox"/>
I-1 Company Turnover	<input checked="" type="checkbox"/>
I-3 Income Tax	<input checked="" type="checkbox"/>
I-4 Grants	<input type="checkbox"/>

## GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods subject to anti-dumping measures (the goods) are:

*Deep drawn stainless steel sinks with a single deep drawn bowl having a volume of between 7 and 70 litres (inclusive), or multiple drawn bowls having a combined volume of between 12 and 70 litres (inclusive), with or without integrated drain boards, whether finished or unfinished, regardless of type of finish, gauge, or grade of stainless steel and whether or not including accessories.*

### **Additional information**

Further information in relation to the goods was provided in the application as follows.

*For the purposes of the definition of the goods, the term “deep drawn” refers to a manufacturing process using metal forming technology to produce a smooth basin with seamless, smooth, and rounded corners. Deep drawn stainless steel sinks are available in various shapes and configurations and may be described in a number of ways including flush mount, top mount, or undermount (to indicate the attachment relative to the countertop). Stainless steel sinks with multiple deep drawn bowls that are joined through a welding operation to form one unit are covered by the scope of the investigations. “Finished or unfinished” refers to whether or not the imported goods have been surface treated to their intended final “finish” for sale. Typically, finishes include brushed or polished.*

*Deep drawn stainless steel sinks are covered by the scope of the investigation whether or not they are sold in conjunction with accessories such as mounting clips, fasteners, seals, sound-deadening pads, faucets (whether attached or unattached), strainers, strainer sets, rinsing baskets, bottom grids, or other accessories.*

*Excluded from the definition of the goods the subject of this application are stainless steel sinks with fabricated bowls. Fabricated bowls do not have seamless corners, but rather are made by notching and bending the stainless steel, and then welding and finishing the vertical corners to form the bowls. Stainless steel sinks with fabricated bowls may sometimes be referred to as “fabricated sinks”.*

*Deep drawn stainless steel sinks are commonly used in residential and non-residential installations including in kitchens, bathrooms, utility and laundry rooms. When used in the context of bathrooms, deep drawn stainless steel sinks may there be referred to, for marketing purposes, as “wash basins”. As noted above, deep drawn stainless steel sinks may, or may not, have a single (or multiple) integrated drain board that forms part of the sink structure, designed to direct water into the sink bowl.*

## Model Control Code

On 9 August 2018, the Commission announced its policy and practice in regards to model control code (MCC) structures via ADN No. 2018/128<sup>1</sup>.

Chapter 14 of the Anti-Dumping Commission's *Dumping and Subsidy Manual* further explains that the MCC structure provides a system of identifying fundamental characteristics of the goods subject to investigation and assigns an alphanumeric code to define categories and sub-categories of the goods and like goods. The objective of the MCC structure is to provide a framework for comparing goods exported to Australia with similar like goods sold on an exporter's domestic market.<sup>2</sup> This process is commonly referred to as 'model matching'.

Model matching assists the Commission to assess whether dumping has occurred and is a useful way to ensure that the normal value is properly comparable with the export price.

In determining an MCC structure for any given case, the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price.

In the original investigation (REP 238) the Commission found that the goods and like goods vary in a number of different ways, and that there were many physical characteristics influencing prices. There were also different consumer preferences on the Australian and Chinese markets. The above factors limited the Commission's ability to identify sales of like goods that would be relevant for the purpose of determining a price under subsection 269TAC(1). The Commission considers it is likely that similar issues will be present in this inquiry. As a result, the Commission has elected not to propose an MCC structure at the outset of this inquiry. However, information gathered in responses received from importers and exporters, and from the Australian industry, will be examined to assess if an appropriate MCC structure can be developed.

If an MCC structure is developed interested parties will have an opportunity to discuss the structure and propose modifications. Any changes to the MCC structure will be considered by the Commission and reported in verification reports or in the statement of essential facts (SEF).

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<sup>1</sup> Available at [www.industry.gov.au](http://www.industry.gov.au).

<sup>2</sup> Full guidance regarding the Commission's application of an MCC structure is provided at section 14 of the Anti-Dumping Commission *Dumping and Subsidy Manual* which is available at [www.industry.gov.au](http://www.industry.gov.au).

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

1. Please nominate a contact person within your company:

<b>2. Name:</b>	<b>Mr. Henry Chen</b>
<b>Position in the company:</b>	<b>General Manager</b>
<b>Address:</b>	<b>Fuyuan Road, Nansha Industrial Area, Shenwan Town, Zhongshan City, Guangdong Province China</b>
<b>Telephone:</b>	<b>+86 XXXXXXXXXXXX</b>
<b>E-mail address:</b>	<b>XXXXXXXXXXXXXXXX</b>

3. If you have appointed a representative, provide the their contact details:

<b>Name:</b>	<b>Mr Kevin Reilly</b>	<b>Mr Lin Yang</b>
<b>Address:</b>	<b>GTR Consulting XXXXXXXXXXXXX XXXXXXXXXXXXX</b>	<b>RayYin &amp; Partners XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX China</b>
<b>Telephone:</b>	<b>+61 XXXXXXXXXXXXXXX</b>	<b>+86 XXXXXXXXXXXXXXX</b>
<b>E-mail address:</b>	<b>XXXXXXXXXXXXXXXXXXXX</b>	<b>XXXXXXXXXXXXXXXXXXXX</b>
<b>Please note that all communications in relation to this matter should be directed to GTR Consulting in the first instance.</b>		

4. In nominating a representative, you are granting authority to the Commission to discuss matters relating to the case with the nominated representative, including your company's confidential information.

5. Please provide the location of the where the company's financial records are held.

**Answer: The address is Fuyuan Road, Nansha Industrial Area, Shenwan Town, Zhongshan City, Guangdong Province.**

6. Please provide the location of the where the company's production records are held.

**Answer: The production records are held in the same place mentioned above.**



## A-2 Company information

1. What is the legal name of your business?

**Answer:** The legal name is Zhongshan Jiabaolu Kitchen & Bathroom Products Co., Ltd. (hereinafter referred to as Jiabaolu or the Company)

2. Does your company trade under a different name and/or brand? If yes, provide details.

**Answer:** Not applicable to Jiabaolu. The company trades under the same name and brand.

3. Was your company ever known by a different legal and/or trading name? If yes, provide details

**Answer:** Not applicable to Jiabaolu. The company is not known by a different legal and trading name.

4. Provide a list of your current board of directors and any changes in the last two years.

**Answer:** Please refer to Annex A-2.4 Board of Directors (Confidential) and there are no changes in the last two years.

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:

(a) A diagram showing the complete ownership structure; and

(b) A list of all related companies and its functions

**Answer:** Please refer to Annex A-2.5 Related Companies (Confidential).

6. Is your company or parent company publicly listed? If yes, please provide:

(a) The stock exchange where it is listed; and

(b) Any principle shareholders<sup>3</sup>

If no, please provide:

(a) A list of all principal shareholders and the shareholding percentages.

**Answer:** Jiabaolu is not a publicly listed company, please refer to Annex A-2.6 Company Shareholders (Confidential).

7. What is the overall nature of your company's business? Include details of the products that your company manufacture and sell and the market your company sells into.

**Answer:** Jiabaolu is a limited liability company that manufactures and sells a variety of deep drawn, fabricated stainless steel sinks, and sink accessories. The market of the Company includes domestic market, Australian market and markets of third countries.

Since the beginning of its exports to Australia in 2007, Jiabaolu has reached an exclusive supply agreement with [Confidential commercial customer information]. It is NOT possible to the Company to enlarge its sales to Australian market by dumping its products, because neither the sales price (To the end user) nor the sales quantity is [Confidential commercial information]. Not like the exporters who are not subject to exclusive supply agreement, the Company has no incentives to lower its selling price to increase the exports to Australian market. This business

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<sup>3</sup> Principal shareholders are those who are 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.

**background shall not be disregarded when considering whether the current measure to the Company shall be continued or modified.**

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:

- (a) produce or manufacture;
- (b) sell in the domestic market;
- (c) export to Australia; and
- (d) export to countries other than Australia.

**Answer:** Jiabaolu is a manufacturer of the goods under consideration [and sells the products to the domestic market and exports directly to countries other than Australia but does not sell sinks to Australia directly. All sales to Australia during the period of investigation are made through [Confidential commercial information]. [Confidential commercial information] have filed the combined response to this questionnaire, same as they did in the original investigation.]

9. Provide your company's internal organisation chart.

**Answer:** Please refer to **Annex A-2.9 Internal Organizational Chart (Confidential).**

10. Describe the functions performed by each group within the organisation.

**Answer:** Please refer to **Annex A-2.9 Internal Organizational Chart (Confidential).**

11. Does your company produce brochures, pamphlets or other promotional material? If yes, please provide them.

**Answer:** Please refer to **Annex A-2.11 Brochure (Non-confidential).** The models related to Australian sales are in page [Confidential commercial information]. This Brochure is used for exports sales only.

### **A-3 General accounting information**

1. What is your financial accounting period?

**Answer:** The accounting period is from 1 January to 31 December of the calendar year.

2. Are your financial accounts audited? If yes, who is the auditor?

**Answer:** The financial accounts are audited and the auditor is GUANGDONG HUAXIN CERTIFIED PUBLIC ACCOUNTANTS (General Partnership).

3. What currency are your accounts kept in?

**Answer:** The accounts of Jiabaolu are kept in CNY.

4. What is the name of your financial accounting system?

**Answer:** The name is [Confidential commercial information] accounting system.

5. What is the name of your sales system?

**Answer:** Not applicable to Jiabaolu. [Confidential commercial information].

6. What is the name of your production system?

**Answer:** Not applicable to Jiabaolu. [Confidential commercial information].

7. If your financial accounting, sales and production systems are different, how do the systems interact? Is it electronically or manual? Please provide a detailed explanation and include diagrams.

**Answer:** Not applicable to Jiabaolu. As a small company, Jiabaolu only uses a simple accounting system in its normal business, and Jiabaolu [Confidential commercial information].

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

**Answer:** Not applicable to Jiabaolu. The accounting practices of the Company are consistent with the generally accepted accounting principles in China.

9. Have there been any changes to your accounting practices and/or policies over the last two years? If yes, please provide details.

**Answer:** Not applicable to Jiabaolu. There are no changes to the accounting practices or policies over the last two years.

#### A-4 Financial Documents

1. Please provide the two most recently completed annual reports and/or financial statements for your company and any other related companies involved in the production and sale of the goods.

**Answer:** Please refer to Annex A-4.1 Audited Financial Statement (Confidential).

2. If the financial statements in A-4.1 are unaudited, provide for each company:

- (a) the tax returns relating to the same period; and
- (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

**Answer:** Not applicable to Jiabaolu. The financial statements are audited.

3. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods falls into for:

- (a) the most recent financial year; and
- (b) the period.

**Answer:** Not applicable to Jiabaolu. The Company does not maintain different profit centres.

4. If the period is different to your financial period, please provide:

- (a) Income statements directly from your accounting information system covering the most recent financial period and the period; or
- (b) Quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the period.

**Answer:** Please refer to Annex A-4.4 Income Statement (Confidential).

5. Please provide a copy of your company's trial balance (in Excel) covering the period and the most recent financial year.

**Answer:** Please refer to Annex A-4.5 Trial Balance (Confidential).

6. Please provide your company's chart of accounts (in Excel).

**Answer:** Please refer to Annex A-4.6 Chart of Accounts (Confidential).

*If any of the documents are not in English, please provide a complete translation of the documents.*

## SECTION B

### EXPORT SALES TO AUSTRALIA

#### B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and any entities (e.g. agents) including:
  - (a) Marketing and advertising activities
  - (b) Price determination and/or negotiation process
  - (c) Order placement process
  - (d) Order fulfilment process and lead time
  - (e) Delivery terms and process
  - (f) Invoicing process
  - (g) Payment terms and process

**Answer:** There are no marketing and advertising activities for Jiabaolu's Australian sales. Jiabaolu sells the goods to Australia via [Confidential commercial information].

Typically, the goods are exported to Australia directly via [Confidential commercial information] during the period of review.

Regardless of export channel, [Confidential commercial information] is responsible for liaising with [Confidential commercial information], receiving orders, issuing invoices and receiving payments.

[Confidential commercial selling methodology]

[Confidential commercial information] receives a purchase order from [Confidential commercial information] then forwards the order to Jiabaolu and confirms Jiabaolu's capacity to produce the goods. Jiabaolu produces the goods requested in the Australian customer's purchase order. Then Jiabaolu ships the goods to [Confidential commercial information]. The transaction term is [Confidential commercial information] for all exports. Jiabaolu registers [Confidential sales and payment process]

[Confidential commercial selling methodology]

[Confidential commercial information] forwards the order to Jiabaolu and confirms Jiabaolu's capacity to produce the goods. Jiabaolu produces the goods requested in the Australian customer's purchase order. Then Jiabaolu ships the goods to [Confidential commercial information]. The transaction term is [Confidential commercial information] for all exports. [Confidential selling, shipping and payment process].

{Confidential commercial payment terms} forwards payment to Jiabaolu.

In conclusion, exports [Confidential commercial information] only differ in how the companies manage the customs and port processing and domestic transport fees.

[Confidential customer information].

[Confidential private ownership information].

2. In what currency do you invoice your customers for goods exported to Australia? If it is not in your local currency:

- (a) Do your customers pay you into a foreign currency denominated account? If yes, provide details;
- (b) Do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details;
- (c) How is the exchange rate determined in your accounting system and how often is it updated?

**Answer: The company invoice its customers for goods exported to Australia in [Commercial in confidence].**

3. Are there any customers of the goods exported to Australia related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**Answer: Not Applicable to Jiabaolu. The company is not related to the Australian customer.**

4. If sales are in accordance with price lists or price extras list, provide copies of these lists.

**Answer: No price lists is used. The goods sold by Jiabaolu to [Confidential customer and pricing information].**

**These prices have been developed historically and are amended to account for changes [Confidential pricing methodology].**

**Such amendment shall be agreed by both parties.**

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

**Answer: Not applicable - Jiabaolu [Confidential Australian customer information].**

6. Did you provide on-invoice discounts and/or off-invoice rebates to any customer or an associate of the customer in relation to the sale of the goods exported to Australia during the period? If yes, provide a description and explain the terms and conditions that must be met by the customer to obtain the discount.

**Answer: Not applicable to Jiabaolu. The Company did not provide on-invoice discounts and/or off-invoice rebates to any customer or an associate of the customer.**

7. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the goods exported to Australia during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**Answer: Not applicable to Jiabaolu. The Company did not issue any credit or debit notes to the customer or associate of the customer.**

8. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

- (a) What date are you claiming as the date of sale?
- (b) Why does this date best reflect the material terms of sale?

**Answer: The invoice date is taken to be the date of sale by the Company.**

## B-2 Australian sales listing

**NOTE: The Australian sales listing should include exports of goods that are currently exempt from anti-dumping duty under section 8(7) and section 10(8) of the *Customs Tariff (Anti-Dumping) Act 1975*<sup>4</sup>**

1. Complete the worksheet named "B-2 Australian sales"
  - This worksheet lists all sales (i.e. transaction by transaction) exported to Australia of the goods invoiced within the period. This includes exports to Australia sold through a domestic customer.
  - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the spreadsheet, add a column. For example, if the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred.

**Answer:** Please refer to **Table B-2 Australian Sales (Confidential)**.

2. Provide a table listing the source of the data for each column in the "B-2 Australian sales" listing.

**Answer:** Please refer to **Annex B-2.2-1 Data Source of Australian Sales (Confidential)** and **Annex B-2.2-2 Jiabaolu's total Australian sales of sinks (Confidential)**. Under the same invoice, there could be deep drawn sinks, fabricated sinks and accessories, **Annex B-2.2-2 Jiabaolu's total Australian sales of sinks (Confidential)** reports the exports of sinks (including deep drawn sinks, fabricated sinks and accessories) to Australia.

## B-3 Sample export documents

1. Select the two largest invoices by value and provide the following documentation:
  - (a) Contracts
  - (b) Purchase order and order confirmation
  - (c) Commercial invoice and packing list
  - (d) Proof of payment and accounts receivable ledger
  - (e) Documents showing bank charges
  - (f) Invoices for inland transport
  - (g) Invoices for port handling and other export charges
  - (h) Bill of lading
  - (i) Invoices for ocean freight & marine insurance (if applicable)
  - (j) Country of origin certificates (if applicable)

*If the documents are not in English, please provide a translation of the documents.*

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<sup>4</sup> [ADN 2015/41 \(26 March 2015\)](#), [Exemption No.EX0047 \(11 July 2017\)](#)

**Answer:** Please refer to sample export documents in [Commercial in confidence] questionnaire response.

2. For each document, please annotate the documents or provide a table reconciling the details in the “B-2 Australian sales” listing to the source documents in B-3.1.

**Answer:** The Company has annotated the documents.

## **B-4 Reconciliation of sales to financial accounts**

3. Please complete the worksheet named “B-4 Upwards sales” to demonstrate that the sales listings in B-2, D-2 and F-2 are complete.

- (a) You must provide this list in electronic format using the template provided.
- (b) Please use the currency that your accounts are kept in.
- (c) If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table B-4 Upwards sales (Confidential)

4. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.

**Answer:** Please refer to Annex B-4.4 Supporting Documents of Table B-4 (Confidential), Table B-2 Australian Sales (Confidential) and Table D-2 Domestic sales (Confidential).

The reconciliation of sales is based on the 2018 audited financial statements of Jiabaolu. There is a difference between Investigation and accounting Periods, since the financial period of the Company is from 01/01/2018 to 31/01/2018 while the period is from 01/07/2018 to 30/06/2019. Therefore, the main business income of the period=the main business income in Jiabaolu’s 2018 Audited Financial Statement-the accumulative main business income from 01/2018-06/2018+the accumulative main business income from 01/2019-06/2019. The screen capture is from the Yonyou system.

5. For any amount in the “B-4 Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - (a) the name of the source document, including the relevant page number, in column D of the worksheet; and
  - (b) highlight or annotate the amount shown in the source document.

**Answer:** Please refer to Annex B-4.4 Supporting Documents of Table B-4 (Confidential).

## **B-5 Reconciliation of direct selling expenses to financial accounts**

1. Please complete the worksheet named “B-5 Upwards selling expense” to demonstrate that the direct selling expenses (e.g. Inland transport) in B-2 and D-2 are complete.

- You must provide this list in electronic format using the template provided.
- Please use the currency that your accounts are kept in.
- If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table B-5 Upwards Selling Expense (Confidential).

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-5 Upwards selling expense” worksheet. If the documents include spreadsheets, all formulas used must be retained.

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**Answer:** Please refer to *Annex B-5.2 Supporting Documents of Table B-5 (Confidential)*.

3. For any amount in the “B-5 Upwards selling expense” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - (a) the name of the source document, including the relevant page number, in column C of the worksheet; and
  - (b) highlight or annotate the amount shown in the source document.

**Answer:** Please refer to *Annex B-5.2 Supporting Documents of Table B-5 (Confidential)*.



## SECTION C

### EXPORTED GOODS & LIKE GOODS

On 9 August 2018, the Commission announced its policy and practice in regards to model control code (MCC) structures via ADN No. 2018/128.

Chapter 14 of the Anti-Dumping Commission's *Dumping and Subsidy Manual* further explains that the MCC structure provides a system of identifying fundamental characteristics of the goods subject to investigation and assigns an alphanumeric code to define categories and sub-categories of the goods and like goods. The objective of the MCC structure is to provide a framework for comparing goods exported to Australia with similar like goods sold on an exporter's domestic market.<sup>5</sup> This process is commonly referred to as 'model matching'.

Model matching assists the Commission to assess whether dumping has occurred and is a useful way to ensure that the normal value is properly comparable with the export price.

In determining an MCC structure for any given case, the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price.

In the original investigation (REP 238) the Commission found that the goods and like goods vary in a number of different ways, and that there were many physical characteristics influencing prices. There were also different consumer preferences on the Australian and Chinese markets. The above factors limited the Commission's ability to identify sales of like goods that would be relevant for the purpose of determining a price under subsection 269TAC(1). The Commission considers it is likely that similar issues will be present in this inquiry. As a result, the Commission has elected not to propose an MCC structure at the outset of this inquiry. However, information gathered in responses received from importers and exporters, and from the Australian industry, will be examined to assess if an appropriate MCC structure can be developed.

Proposals about the MCC structure should be raised as soon as is practicable, but no later than **9 August 2019**, the day submissions concerning the continuation of the measures are due.

If an MCC structure is developed interested parties will have an opportunity to discuss the structure and propose modifications. Any changes to the MCC structure will be considered by the Commission and reported in verification reports or in the statement of essential facts (SEF).

#### C-1 Models exported to Australia

1. Fully describe all of the goods your company exported to Australia during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the goods exported to Australia.

**Answer:** **Jiabaolu exported a variety of deep drawn, fabricated stainless steel sinks, and sink accessories to Australia during the period. For the specification details, please refer to Annex A-2.11 Brochure (Non-confidential). The models related to Australian sales are in page [Commercial in Confidence].**

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<sup>5</sup> Full guidance regarding the Commission's application of an MCC structure is provided at section 14 of the Anti-Dumping Commission *Dumping and Subsidy Manual* which is available at [www.industry.gov.au](http://www.industry.gov.au).

2. Complete the confidential worksheet named “C-1 The Goods” to provide a list of all **goods** exported to Australia identified by a relevant product or model code and report for each code the relevant characteristics summarised below;

This must cover all goods listed in the Australian sales listing in B-2.

- Stainless Steel Grade
- Material Gauge (millimetre or “mm”)
- Finish
- Total Capacity of all bowls (litres or “L”)
- Total number of bowls
- Capacity of the largest bowl
- Capacity of additional bowls
- Number of drainer boards
- Bowl corner radius
- Included accessories

**Answer:** Please refer to Table C-1 The Goods (Confidential).

## **C-2 Models sold in the domestic market**

1. Fully describe all like goods your company sold on the domestic market during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the like goods sold on the domestic market.

**Answer:** Jiabaolu sold a variety of deep drawn, fabricated stainless steel sinks, and sink accessories on the domestic market during the period. For the specification details, please refer to <http://en.gabalu.com.cn>, which lists the specification details of all goods sold by Jiabaolu.

2. Complete the confidential worksheet named “C-2 Like Goods” to provide a list of all **like goods** sold on your domestic market identified by a relevant product or model code and report for each code the relevant characteristics summarised below;

This must cover all listed in the Domestic sales listing in D-2.

- Stainless Steel Grade
- Material Gauge (millimetre or “mm”)
- Finish
- Total Capacity of all bowls (litres or “L”)
- Total number of bowls
- Capacity of the largest bowl
- Capacity of additional bowls
- Number of drainer boards
- Bowl corner radius
- Included accessories

**Answer:** The products sold in Australian Market and domestic market are quite different and these differences include:

- domestic sales are a satin finish while Australian sales are polished finish;
- Australian goods tend to include drainer boards while domestic sinks do not;
- Australian sinks are of 1, 1 ½, 1 ¾ and 2 bowls, while domestic sales are of 1, 2 and 3 bowls;
- domestic sinks are 'insulated' with a plastic/rubber spray coating on their base, while Australian sales either have a foam or wooden backing board for insulation;
- domestic sales include a range of accessories including chopping board, colander, knives and knife blocks, etc.

Due to the above facts, it is not possible to find the comparable models sold in domestic market for the models sold in Australian market, and this conclusion has been agreed by the Commission in the original investigation.

### C-3 Internal product codes

3. Does your company use product codes or stock keeping unit (SKU) codes?

- (a) Provide details of the product or SKU coding system for the goods and like goods at worksheet "C-3 SKU", illustrate the meaning for each code within the product or SKU code.

**Answer:** Please refer to Annex C-3 SKU (Confidential).

In its cost accounting, Jiabaolu uses [Confidential model coding information]. Please refer to Annex C-3.3 Edge Type of Sink (Confidential).

Jiabaolu also uses the customer's code directly in its cost accounting. For example, [Confidential customer coding information], this product is produced specifically for one customer.

- (b) Provide details on how you mapped the product or SKU codes to the product codes listed in response to C-1 and C-2 for the purpose of completing this questionnaire.

**Answer:** Jiabaolu operates a system of product codes that are used to identify models in the sales and cost to make and sell data provided in response to the Exporter Questionnaire.

The Company's sink product codes all consist of [Confidential Model coding hierarchy].

This product code refers to the sink itself and does not take into account any accessories sold with the sink, or the sink finish (polished or satin).

[Commercial in confidence] do not generate their own model numbering systems and re are either Jiabaolu's product codes or the product codes the Australian customer has allocated to its sinks.

## SECTION D DOMESTIC SALES

### D-1 Domestic sales process

1. Provide details (and diagrams if appropriate) of the domestic sales process of your company and any other related entities including:
  - (a) Marketing and advertising activities
  - (b) Price determination and/or negotiation process
  - (c) Order placement process
  - (d) Order fulfilment process and lead time
  - (e) Delivery terms and process
  - (f) Invoicing process
  - (g) Payment terms and process

**Answer:** The Marketing and advertising activities of the domestic sales of Jiabaolu include [Confidential marketing strategies].

Jiabaolu makes domestic sales to its two distinct customer segments:

- distributors that sell Jiabaolu's 'Gabalu' branded products Please refer to *Annex D-1-1 Sample Sales Contract with Regional Distributor (Confidential)*; and
- OEM customers that purchase sinks from Jiabaolu, which are manufactured to the OEM's specifications and branded with the customer's own brand. Please refer to *Annex D-1-2 Sample Sales Contract with OEM Customer (Confidential)*.

The two domestic customer segments vary in terms of average order volume. Domestic distributors typically purchase more items at a time, while OEM sales usually occur in higher volumes (manufactured to the customer's specifications).

The domestic sales process is typically as follows:

- [Confidential sales and payment process].

Most customers pay for products [Confidential customer payment information]

2. Are any domestic customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**Answer:** There is only one domestic customer, [Commercial in confidence] related to the Company.

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

**Answer:** Please refer to *Annex D-1.3 Sample Price Lists (Confidential)*, which is used for sales to [Confidential pricing information] these price lists are updated regularly.

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

**Answer:** No, there is no significant variance according to the distribution channels.

5. Did you provide on-invoice discounts and/or off-invoice rebates to the customer or an associate of the customer in relation to the sale of the like goods during the period? If

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

**Answer:** Jiabaolu applies [Commercial in confidence] only, to incentivise sales of Gabalu-branded sinks. These [Confidential pricing strategies] applied.

6. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the like goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**Answer:** During the period of investigation, due to the change of invoice format, the invoices with negative amount are issued to offset the previous invoices, and then new invoices under the new format with the same amount will be issued.

7. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

(a) What date are you claiming as the date of sale?

(b) Why does this date best reflects the material terms of sale?

**Answer:** The invoice date is taken to be the date of sale.

## D-2 Domestic sales listing

1. Complete the worksheet named “D-2 Domestic sales”

- This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia
- If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- 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-2 above, add a column for each item. For example, certain other selling expenses incurred.

**Answer:** Please refer to Table D-2 Domestic Sales (Confidential).

2. Provide a table listing the source of the data for each column in the “D-2 domestic sales” listing.

**Answer:** Please refer to Annex D-2.2-1 Date Source of Domestic Sales (Confidential) and Annex D-2.2-2 Jiabaolu's total domestic sales of sinks (Confidential). Under the same invoice, there could be deep drawn sinks, fabricated sinks and accessories, Annex D-2.2-2 Jiabaolu's total domestic sales of sinks (Confidential) reports the domestic sales of sinks(including deep drawn sinks, fabricated sinks and accessories).

## D-3 Sample domestic sales documents

1. Select the two largest invoices by value and provide the following documentation:

- (a) Contracts
- (b) Purchase order and order confirmation
- (c) Commercial invoice and packing list
- (d) Proof of payment and accounts receivable ledger
- (e) Documents showing bank charges
- (f) Delivery invoices

*If the documents are not in English, please provide a translation of the documents.*

**Answer:** Please refer to Annex D-3 Sample Domestic Sales Documents (Confidential) and Annex D-2.2-2 Jiabaolu's total domestic sales of sinks (Confidential).

There is no bank charges and the value on the VAT invoice can reconcile to the value in Annex D-2.2-2 Jiabaolu's total domestic sales of sinks (Confidential).

The Company's account of inland transport costs is [Confidential accounting methodology]. The allocation method of inland freight please refer to Annex E-3.1 Calculation of Inland Freight of Domestic Sales (Confidential).

2. For each document, please annotate the documents or provide a table reconciling the details in the “D-2 Domestic sales” listing to the source documents in D-3.1.

**Answer:** The company has annotated the documents.

## D-4 Reconciliation of sales to financial accounts

This section is not required if you have completed B-4.

**Answer:** The company has completed Table B-4 (Confidential).

1. Please complete the worksheet named “B-4 Upwards sales” to demonstrate that the sales listings in D-2 and F-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
2. Please provide all documents, other than those in A-4, D-2 and F-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.
3. For any amount in the “B-4 Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - (a) the name of the source document, including the relevant page number, in column D of the worksheet; and
  - (b) highlight or annotate the amount shown in the source document.

## SECTION E

### DUE ALLOWANCE

#### E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
  - (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
    - Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
    - Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
  - (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?
  - (c) Do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of interest rates?

**Answer:** Jiabaolu calculates the credit costs by the formulas as follows:

**Credit period = [Confidential credit methodology] of domestic sales of POI**

**Credit cost = [Confidential costing methodology] of each transaction**

**For the interest rate of short-term loans, Jiabaolu uses [Confidential interest terms] published by the People's Bank of China.**

**Please refer to Annex E-1.1 Calculation of Credit Expenses of Domestic Sales (Confidential) and Annex E-1.2 Interest Rate of Short-term Loans Published by the People's Bank of China (Non-confidential).**

2. Do you provide credit to any Australian customers in relation to sales of the goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
  - (a) Do you provide a rolling credit facility to your Australian customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
    - Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
    - Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover

**Answer: Please refer to the answer to the same question in [Commercial in confidence] Exporter Questionnaire Response, that is;**

***"[Commercial in confidence credit methodology]."***

**Please refer to Annex E-1.2 Annual Interest Rate from People's Bank of China (Non-confidential).**

3. If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):
  - (a) Do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?



- (b) What is the interest rate, or average of interest rates, applying to term deposits or other cash product (e.g. bonds) denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

**Answer:** Not Applicable to Jiabaolu. The Australian customer pays the company in [Commercial in Confidence].

## E-2 Packaging

1. What is the packaging used for your domestic sales of like goods?

**Answer:** All sinks are individually boxed, in some cases with accessories and in other, accessories are separately boxed.

2. What is the packaging used for your export sales of the goods to Australia?

**Answer:** Sinks are usually lined with a plastic sheet, covered by a cardboard 'envelope' and stacked on a pallet. Some higher tier sinks (mostly fabricated) are individually placed in cardboard boxes.

3. If there are distinct differences in packaging between your domestic and export sales:

(a) Provide details of the differences

(b) Calculate the weighted average packaging cost for each model sold on the domestic market

**Answer:** The packing material for domestically sold products and exported products is basically same, so Jiabaolu does not claim this adjustment.

4. Calculate the weighted average packaging cost for each model exported to Australia

**Answer:** The packing material for domestically sold products and exported products is basically same, so Jiabaolu does not claim this adjustment.

## E-3 Delivery

1. Are any domestic sales of like goods delivered to the customer? If yes, how were the transportation costs calculated in the domestic sales listing in D-2?

**Answer:** Jiabaolu records inland freight and handling charges of domestic sales in the relevant ledger accounts of selling expenses.

In domestic sales, some customers pick up the goods by themselves and for some customers Jiabaolu delivers the goods to them.

The total figure of two expenses are only allocated to the domestic sales revenue to [Confidential accounting methodology]. Please refer to Annex E-3.1 Calculation of Inland Freight of Domestic Sales (Confidential).

2. What are the delivery terms of the export sales of the goods to Australia?

**Answer:** The delivery term of all export sales of the goods to Australia is [Commercial in Confidence].

3. If the delivery terms of the Australian sales includes delivery to the port, how were the inland transport and port charges calculated in the Australian sales listing in B-2?

**Answer:** Inland freight, handling and port charges were filled out on an actual basis. The total inland freight, and handling and port charges of each invoice are allocated to [Confidential allocation methodology].

4. If the delivery terms of the Australian sales includes ocean freight, how was the ocean freight cost calculated in the Australian sales listing in B-2?

**Answer:** [Confidential trading terms].

5. If the delivery terms of the Australian sales includes marine insurance, how was the marine insurance calculated in the Australian sales listing in B-2?

**Answer:** [Confidential trading terms]..

6. If the delivery terms of the Australian sales includes delivered duty paid, how were the Australian importation and delivery costs calculated in the Australian sales listing in B-2?

**Answer:** [Confidential trading terms]..

#### **E-4 Other direct selling expenses**

1. Do you provide sales commissions for domestic sales of like goods and/or export sales of the goods? If yes, provide details.

**Answer:** Not applicable to Jiabaolu. No commission is provided for domestic sales and export sales.

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:
- What is the rate of value-added tax (VAT) on sales of the goods and like goods?
  - What is the rate of VAT rebate applicable to your exports of the goods?
  - Is the rate of VAT rebate identical for each tariff subheading under which you exported the goods? If NO, please detail for each tariff subheading.
  - How is VAT accounted for in your records in relation to sales of the goods and like goods?
  - Do you receive a VAT refund in relation to sales of the goods and/or like goods?
  - Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

**Answer:** The rate of VAT on sales of the goods and like goods are all 16% before April 2019 and as of April 2019, the VAT rate is 13%. The company receives a VAT refund in relation to the export sales of the goods and the refund rate is all 9% before April 2019 and as of April 2019, the refund rate is all 13%. The VAT rate and refund rate are same to all the exports. The company does not receive any remission or drawback of the import duties on inputs consumed in the production of the goods or like goods.

3. Are there any other direct selling expenses incurred by your company in relation to domestic sales of like goods?
- These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

**Answer:** Jiabaolu is claiming an adjustment for the domestic marketing, advertising and selling.

4. Are there any other direct selling expenses incurred by your company in relation to export sales of the goods to Australia?
- These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

**Answer:** [Confidential marketing strategies].

## E-5 Other adjustment claims

5. Are there any other adjustments required to ensure a fair comparison between the export price and the normal value (based on domestic sales, costs and/or third country sales)? If yes, provide details.

- An adjustment will only be made where there is evidence that the difference affects price comparability.
- Refer to Chapter 15 of the Dumping and Subsidy Manual (November 2018) for more information.

**Answer:** Jiabaolu is claiming an adjustment for the differences between the products sold in Australian Market and domestic market as identified in C-2.2.

## SECTION F

### THIRD COUNTRY SALES

#### F-1 Third country sales process

1. Are your sales processes to any third country (i.e. exports to countries other than Australia) different to the sales process described in B-1.1? If yes, provide details of the differences.

**Answer:** Jiabaolu attends Canton Fair to advertise. Normally, Jiabaolu receives a purchase order from third country customers and produces the goods requested in the purchase order. Then Jiabaolu ships the goods to customers. The transaction term is [Commercial in confidence] for all exports. [Confidential trading and payment terms].

2. Are there any third country customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**Answer:** Not Applicable to Jiabaolu. The company is not related to any of third country customers.

3. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

(a) What date are you claiming as the date of sale?

(b) Why does this date best reflects the material terms of sale?

**Answer:** The invoice date is taken as the date of sale by the Company.

#### F-2 Third country sales listing

1. Complete the worksheet named "F-2 Third country sales"
  - This worksheet lists all export sales, summarised by country and customer, to third countries of like goods invoiced within the period.
  - If you have claimed in F-1.3 that the date of sale is one other than the invoice date, then add sales with your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table F-2 Third Country Sales (Confidential).

2. Provide a table listing the source of the data for each column in the export sales listing (F-2.1).

**Answer:** Please refer to Annex F-2.2 Data Source of Third Country Sales (Confidential).

#### F-3 Differences in sales to third countries

1. Are there any differences in sales to third countries which may affect their comparison to export sales to Australia? If yes, provide details.

**Answer:** The sales to third country is produced according to the specific requirements of various customers, it is not possible to find the comparable models sold in third country for all the models sold in Australian market. For this reason, Jiabaolu considers it not appropriate to calculate the normal value based on third country sales data.

## SECTION G

### COST TO MAKE AND SELL

#### G-1 Production process

1. Describe the production process for the goods and 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:** The production process of deep drawn stainless steel sinks is described as follows:

- Stainless steel coil [Commercial in Confidence] is cut into sizes necessary for the manufacture of sink components (such as bowls and drainer boards).
- Bowl(s) and drainer board(s) are [Confidential production process].
- Bowls and drainer board(s) are [Confidential production process].
- The sink is [Confidential production process].
- The sink is cleaned to remove all debris.
- [Confidential production process]. if required.
- The sink is packaged.

Jiabaolu's deep drawn and fabricated sinks were manufactured and packaged in separate facilities at the same site in Zhongshan City. We also observed that different machinery is used in the production of the two sink types. The staff members specialise in the production of one sink type only (either deep drawn or fabricated sinks); there is no cross-skilling across sink categories.

Please refer to *Annex G-1.1 Flow Chart of Production Process (Confidential)*.

Scrap is generated in various stages of the manufacturing process. For example, when stainless steel sheets are cut to size, or cut stainless steel sheets are drawn to form bowls, there will be chunks of scrap that result. Punching faucet (tap), drainage, and bypass holes into sinks is another major source of stainless steel scrap. Around [XXXX] per cent of all input stainless steel for sink production is scrapped.

2. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, please provide details including the product or services supplied by the related company.

**Answer:** Not applicable to Jiabaolu. There are no suppliers related to the Company.

#### G-2 Cost accounting practices

1. Is your company's cost accounting system based on actual or standard costs (budgeted)?

**Answer:** Jiabaolu's cost accounting system is based on [Confidential costing methodology].

2. If your company uses standard costs:
  - (a) Were standard costs used as the basis of actual costs in your responses G-3.1 & G-5.1?
  - (b) Have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?
  - (c) How were those variances allocated?

(d) Provide details of any significant or unusual cost variances that occurred during the period.

**Answer:** [Confidential costing methodology]

3. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation methodology used in your accounting system.

**Answer:** [Confidential costing methodology].

4. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

**Answer:** In its normal business, [Confidential costing methodology] for each specific model.

5. Are there any costs for management accounting purposes valued differently to financial accounting purposes? If yes, provide details of the differences.

**Answer:** The costs for management accounting purposes and for financial accounting purposes are the same.

6. Has your company engaged in any start-up operations in relation to the goods? If yes:

(a) Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

(b) 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 to Jiabaolu, no such start-up operation happens.

7. What is the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average)?

**Answer:** The method of valuation of inventories used by Jiabaolu is [Confidential valuation methodology].

8. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

**Answer:** Jiabaolu [Confidential costing methodology].

9. What are the valuation methods for scrap, by products, or joint products?

**Answer:** All damaged sinks and scraps are collected in its normal production, however, [Confidential costing methodology]. Please refer to Annex G-2.9 Sales of Scrap (Confidential). When they are sold, the sold weight and sales revenue will be recorded. The sales revenue of damaged sinks and scraps are recorded as "non-operating income".

In the original investigation, the Commission uses the international market price of the stainless steel to replace the stainless steel price submitted by the Company. However, for the scrap, the Commission did not replace it with international market price. This method is not consistent and logic. Therefore, the Company applies for the using of same criteria to stainless steel and scrap.

10. Are any management fees/corporate allocations charged to your company by your parent or related company? If yes, provide details

**Answer:** Not applicable to Jiabaolu, no such management fees/corporate are charged to the Company.

### G-3 Cost to make on domestic market

1. Complete the worksheet named "G-3 Domestic CTM".

- This worksheet lists the quarterly cost to make the domestic models of like goods manufactured within the period, even if some models are not like to those exported to Australia.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) and preferably aggregated on a quarterly basis for each like good (model) that was sold on the domestic market. However, the Commission may accept costs which are aggregated on a different basis so long as those costs can be mapped to the various models reported in the domestic sales listing at worksheet "D-2 Domestic Sales". If an alternative method of reporting is selected please ensure the costs are reported at quarterly intervals.
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**Answer:** Please refer to Table G-3 Domestic CTM (Confidential).

2. Provide a table listing the source of the data for each column of the "G-3 Domestic CTM" listing.

**Answer:** Please refer to Annex G-3.2 Data Source of Domestic CTM (Confidential).

### G-4 Selling, General & Administration expenses

1. Complete the worksheet named "G-4.1 SG&A listing".

- This worksheet lists all selling, general and administration expenses by account code for the most recent accounting period and the period.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table G-4.1 SG&A Listing (Confidential).

2. Complete the worksheet named "G-4.2 Domestic SG&A calculation".

- This worksheet calculates the unit domestic SG&A for each product identified in the cost to make data at worksheet "G-3 Domestic CTM".
- You must provide this list in electronic format using the template provided.
- Please use the formulas provided.

**Answer:** Please refer to Table G-4.2 Domestic SG&A calculation (Confidential).

## G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "G-5 Australian CTM".

- This worksheet lists the quarterly cost to make the Australian models of the goods under consideration manufactured within the period.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) and preferably aggregated on a quarterly basis for each good (model) that was exported. However, the Commission may accept costs which are aggregated on a different basis so long as those costs can be mapped to the various models reported in the Australian sales listing at worksheet "B-2 Australian Sales". If an alternative method of reporting is selected please ensure the costs are reported at quarterly intervals.
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**Answer:** Please refer to Table G-5 Australian CTM (Confidential).

2. Provide a table listing the source of the data for each column of the "G-5 Australian CTM" listing.

**Answer:** Please refer to Annex G-5 Data Source of Australian CTM (Confidential).

## G-6 Cost allocation methodology

1. What is the allocation methodology used to complete in G-3 domestic CTM and G-5 Australian CTM for:

- (a) Raw materials
- (b) Labour
- (c) Manufacturing overheads

**Answer:** The whole company [Confidential costing methodology]. The accounting department prepares and calculates the model-wise cost report each month. All materials, labour and manufacturing overhead are recorded at the company level.

Jiabaolu's submitted CTM was divided into the following three cost categories (and various sub-categories).

- 1) Direct materials
  - a) Work in progress
  - b) Stainless steel
  - c) accessories
  - d) packaging materials



2) Manufacturing overheads

a) Overheads

b) Cutting fee

3) Wages

The materials cost, wages and manufacturing overhead are allocated into the different models [Confidential allocation methodology]. For normal costing purpose, Jiabaolu determines [Confidential allocation methodology] which is determined by the design drawing of each model that how much quantity of stainless steel shall be used for the production of each unit of a specific model.

In its normal production, there is always work in progress in the production line. The work in progress will be used for the production of current month, so will affect the consumption of stainless steel.

The actual consumption of stainless steel of current month = the beginning inventory of work in progress + input of stainless steel – the ending inventory of work in progress

The labour and manufacturing overhead are allocated into the different models also by [Confidential allocation methodology].

The cutting fee is part of manufacturing overhead, [Confidential allocation methodology].

Various waste and scrap are generated during the production process. According to the production experience, around [XXXX%] of inputted stainless steel is wasted during the production process. The waste and scrap are collected and sold regularly in the market. The sales value of waste and scrap are recorded as the “Non-operating income”. However, in monthly cost report, the sales of waste and scrap [Confidential costing methodology]

2. Select the domestic model (export model if you have no domestic production of like goods) with the largest production volume over the period and provide worksheets demonstrating the allocation methodology described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

**Answer:** Please refer to *Annex G-6.2 the Supporting Worksheets (Confidential)*. The company provides the allocation worksheets for all models during the period.

## G-7 Major raw material costs

1. What are the major raw materials used in the manufacture of the goods?

**Answer:** The primary raw material is stainless steel coil and sheet, Grade [Confidential production information].

2. Are any raw materials sourced as part of an integrated production process or from a subsidiary company which your company exercise control? If yes, complete the worksheet named “G-7.2 Raw material CTM” for these raw materials.
- This worksheet lists the quarterly cost to make the raw material manufactured within the period.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold).
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the raw material, report the costs excluding the imputation

tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.

- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Not Applicable to Jiabaolu. There are no such raw materials sourced as part of an integrated production or from a subsidiary company.

3. Using the domestic cost data in "G-3 Domestic CTM", calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

**Answer:** Please refer to Table G-3 Domestic CTM (Confidential).

4. For each raw material identified in G-7.3 which individually account for 10% or more of the total cost to make, complete the worksheet named "G-7.4 Raw material purchases"
- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the period.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table G-7.4 Raw Material Purchases (Confidential).

5. Provide a table listing the source of the data for each column of the "G-7.4 Raw material purchases" listing.

**Answer:** Please refer to Annex G-7.5 Data Source of Raw Material Purchases (Confidential).

6. For each raw material:
- (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.
  - (b) Reconcile the total value listed in "G-7.4 Raw material purchases" listing to relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

**Answer:** Please refer to Annex G-7.6-1 Commercial Invoice and Proof Payment (Confidential) and Annex G-7.6-2 Reconciliation of Raw Material Purchases (Confidential).

7. Are any of the suppliers in "G-7.4 Raw material purchases" listing related to your company? If yes, please provide details on how the price is set.

**Answer:** Not Applicable to Jiabaolu. There are no such suppliers related to the Company.

## G-8 Reconciliation of cost to make to audited financial statements

1. Please complete the worksheet named “G-8 Upwards costs” to demonstrate that the cost listings in G-3 and G-5 are complete.

- You must provide this list in electronic format using the template provided.
- Please use the currency that your accounts are kept in.

If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table G-8 Upwards Costs (Confidential).

2. Please provide any documents, other than those in A-4, G-3 and G-5, required to complete the “G-8 Upwards costs” worksheet.

**Answer:** Please refer to Annex G-8.2 Supporting documents of Table G-8 (Confidential). The report of the G-8 is based on Jiabaolu’s 2018 Audited Financial Statement. There are four differences or adjustments in the part of G-8.

First, when the accounts of Jiabaolu is audited, some of the “Operating Costs” are adjusted and classified to [Confidential adjustment methodology]. The supporting document of this difference is based on the annex of the audited financial statement.

Second, there is a difference between Investigation and accounting Periods, since the financial period of the Company is from 01/01/2018 to 31/01/2018 while the period is from 01/07/2018 to 30/06/2019. Therefore, the operating costs of the period=the operating costs in Jiabaolu’s 2018 Audited Financial Statement-the accumulative operating costs from 01/2018-06/2018+the accumulative operating costs from 01/2019-06/2019. The screen capture is from the Yonyou system.

Third, the variance of input taxes that cannot be deducted. Before April 2019, the VAT is 16% and the VAT refund rate is 9%. The variance of the rate is accounted for [Confidential adjustment methodology].

Four, the adjustment of finish goods inventory. Selling cost is the credit of the goods inventory. Production costs = selling costs + ending inventory - beginning inventory. The screen capture is from the Yonyou system.

For any amount that is hard coded (i.e. not a formula), please cross-reference by providing:

- (a) the name of the source document, including the relevant page number, in column D of the worksheet; and
- (b) highlight or annotate the amount shown in the source document.

**Answer:** Please refer to Annex G-8.2 Supporting documents of Table G-8 (Confidential).

## G-9 Capacity Utilisation

1. Please complete the worksheet named “Capacity Utilisation”.

- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

**Answer:** Please refer to Table G-9 Capacity Utilisation (Confidential).

## SECTION H COUNTERVAILING

**Not applicable to Jiabaolu as the original Countervailing investigation was terminated in respect of Jiabaolu**

In REP 238, the Commission found that countervailable subsidies had been received by exporters of the goods in relation to 23 subsidy programs. In the absence of GOC advice regarding the individual enterprises that had received financial contributions under each of the investigated subsidy programs, the Commissioner had regard to the available relevant facts and determined that uncooperative exporters had received financial contributions conferring a benefit under all 23 programs found to be countervailable in relation to the goods.

In *Review of Measures No. 461* the Commission identified five additional subsidy programs that were not previously investigated but were however found to be countervailable in relation to the export of the goods to Australia. As a result the following 28 subsidy programs listed in the table below are being investigated during this inquiry.

Category	Program Number <sup>6</sup>	Program Name
Provision of goods	Program 1	Raw Materials Provided by the Government at Less than Fair Market Value
Grant	Program 2	Research & Development (R&D) Assistance Grant
Grant	Program 3	Grants for Export Activities
Grant	Program 4	Allowance to pay loan interest
Grant	Program 5	International Market Fund for Export Companies
Grant	Program 6	International Market Fund for Small and Medium-sized Export Companies
Income Tax	Program 8	Tax preference available to companies that operate at a small profit
Grant	Program 9	Award to top ten tax payer
Grant	Program 10	Assistance to take part in overseas trade fairs
Grant	Program 11	Grant for management certification
Grant	Program 12	Grant for certification of product patents
Grant	Program 13	Grant for inventions, utility models and designs
Grant	Program 14	Grant for international marketing
Grant	Program 15	Subsidy to electronic commerce
Grant	Program 16	Grant for overseas advertising and trademark registration
Grant	Program 17	Grant for overseas marketing or study
Grant	Program 18	Gaolan Port Subsidy
Grant	Program 19	Information development subsidy

<sup>6</sup> Program numbers 1 to 24 are the same as those investigated in REP 238. In REP 461 the additional marked programs were identified in relation to the export of the goods.

Category	Program Number <sup>6</sup>	Program Name
Grant	Program 20	Foreign Trade Exhibition Activity Fund
Grant	Program 21	Zhuhai Technology Reform & Renovation Fund
Grant	Program 22	Zhuhai Support the Strong Enterprise Interests Subsidy
Grant	Program 23	Zhuhai Research & Development Assistance Fund
Income tax	Program 24	Preferential Tax Policies for High and New Technology Enterprises
Grant	Program 26*	Foreign Trade Fund
Grant	Program 27*	Technology Innovation
Grant	Program 28*	Higher-New Technology Enterprise
Grant	Program 29*	Patent Grant
Grant	Program 30*	Patent Grant Special Fund

Table H-1

## H-1 General

- Complete the worksheet named “H-1 Company turnover”
  - This worksheet is a table of the total company revenue over the period and split into:
    - Total revenue for Australian sales, domestic sales and third country sales
    - Revenue of the goods for Australian sales, domestic sales and third country sales
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

## H-2 Provision of goods at less than adequate remuneration (Program 1)

In the original investigation (*Investigation No.238*), the Commission found that Chinese exporters of the goods benefited from the provision of raw materials in the form of 304-grade cold rolled 304 stainless steel coil (304 SS CRC) by the Government of China at less than adequate remuneration. In the original investigation this subsidy is referred to as Program 1.

- Complete the worksheet named “G-7.4 Raw Material Purchases” to report your purchases of stainless steel cold rolled coil during the inquiry period, including all coil imported from foreign suppliers.
- Did your business receive any reduction/reduced price for the purchase of these goods/services during the inquiry period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

3. Provide copies of all contractual agreements that detail the obligations of the State Invested Enterprise (SIE) and your business with reference to the granting and receipt of the assistance/benefits.
4. If your business purchased imported raw materials, explain the reason/s for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

### **H-3 Preferential tax policies (Program 8 and 24)**

1. Complete the worksheet named "H-3 Income Tax"
  - This worksheet is a table of your company's income tax liability over the last three financial years.
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
2. Provide a copy of your company's annual tax return for the last three financial years. If the documents are not in English, please provide a translation of the documents.
3. Provide proof of your company's tax payments to your tax authority over the last three financial years, including any progress payments made and related forms submitted to reconcile the annual tax return.
4. What is the general tax rate for enterprises (also referred to as the company or corporate tax rate) during the previous two financial years?
5. Did your company pay less than the general tax rate for enterprises referred to in question H-3.4?  
If yes:
  - (a) What tax rate did your company pay?
  - (b) Was the reduction in the tax paid or payable related to any of the preferential income tax programs in the table at the top of Section H Countervailing above?
  - (c) What is the name of the authority granting your company the reduced tax rate?
  - (d) What is the eligibility criteria to benefit from the reduced tax rate?
  - (e) Provide details of the application process
  - (f) Provide a copy of the blank application form. If the documents are not in English, please provide a translation of the documents.
  - (g) Provide a copy of your company's completed application form, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

- (h) Provide a copy of any confirmation or other correspondence from the authority approving your company for the reduction in tax rate. If the documents are not in English, please provide a translation of the documents.
- (i) Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

#### **H-4 Financial grants (All other programs not covered by H-2 and H-3)**

1. Complete the worksheet named "H-4 Grants"
  - This worksheet is a table of the grants in relation to those listed at Table H-1 (or any other financial contribution) received by company over the inquiry period plus the two preceding years.
  - You must provide this table in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
2. Provide a copy of your company's non-operating income and/or other business income ledgers, extracted directly from your accounting system, for the period covering the period plus the 2 preceding years.
3. Did your company receive any grants in relation to those listed at Table H-1 (or any other financial contribution) from any level of government during the period plus the two preceding years?  
If yes:
  - (a) Were any of the grants related to any program listed in Table H-1? If yes, identify the program.
  - (b) Were any of the grants related to programs not listed in Table H-1? If yes, provide the names of the programs.
4. For each of the grants listed in H-4.3:
  - (a) What is the name of the grant if not already listed in Table H-1?
  - (b) What is the name of the authority providing the grant?
  - (c) What is the eligibility criteria to receive the grant?
  - (d) Is the grant directly related to the goods under consideration, export sales to Australia and/or export sales generally?
  - (e) Provide details of the application process.
  - (f) Provide a copy of the blank application form. If the documents are not in English, please provide a translation of the documents.
  - (g) Provide a copy of your company's completed application form, including all attachments to the application form. If the documents are not in English, please provide a translation of the documents.

- (h) Provide a copy of any confirmation or other correspondence from the authority approving the grant. If the documents are not in English, please provide a translation of the documents.
- (i) Provide proof of payment of your company receiving the grant (e.g. bank statements).
- (j) Provide a copy of the accounting journal entries relating to the grant.
- (k) Outline the fees charged to, or expenses incurred by your business for purposes of receiving the grant.

## **H-5 Other Programs not listed in Table H-1**

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

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

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



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

## **EXPORTER'S DECLARATION**

I hereby declare that Zhong Shan Shi Jia Bao Lu Kitchen and Bathroom Products Co., Ltd has 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.

**Name:** CHEN TIAN HAI



**Signature:**

**Position in  
Company:**

**Foreign Trade Director**

**Date:**

**19<sup>th</sup> August 2019**

## Table and Exhibits List

### *Zhongshan Jiabaolu Kitchen & Bathroom Products Co., Ltd*

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Annex A-2.5	Related Companies	(Confidential)
Annex A-2.6	Company Shareholders	(Confidential)
Annex A-2.9	Internal Organizational Chart	(Confidential)
Annex A-2.11	Brochure	(Non-confidential)
Annex A-4.1	Audited Financial Statement	(Confidential)
Annex A-4.4	Income Statement	(Confidential)
Annex A-4.5	Trial Balance	(Confidential)
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Table B-2	Australian Sales	(Confidential)
Annex B-2.2-1	Data Source of Australian Sales	(Confidential)
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Annex B-3.1	Sample Exports Documents	(Confidential)
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Table C-1	The Goods	(Confidential)
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Annex D-1-1	Sample Sales Contract with Regional Distributor	(Confidential)
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Annex D-3	Sample Domestic Sales Documents	(Confidential)
Annex E-1.1	Calculation of Credit Expenses of Domestic Sales	(Confidential)
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Table G-4.1	SG&A Listing	(Confidential)
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Table G-5	Australian CTM	(Confidential)
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Table G-8	Upwards Costs	(Confidential)
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Table G-9	Capacity Utilisation	(Confidential)

## APPENDIX

# GLOSSARY OF TERMS

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

### Adjustments

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: *sales occurring at different times*

(it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); *specification differences; packaging; taxes; level of trade; advertising; servicing/warranty; inland freight; warehousing; export charges; credit terms; duty drawback; commissions.*

Adjustments may also be required where the normal value is based on costs to make and sell.

### Arms length

Sales are not considered to be at “arms length” on your domestic market if there is any consideration payable for the goods other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

### Constructed value

In cases where prices paid for like goods sold in the country of export cannot be used for the determination of normal value, i.e. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the goods under consideration plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

### Cost of production/manufacturing

The cost of production or manufacture consists of all manufacturing costs associated with the goods. It is the sum of direct materials, direct labour and factory overheads.

### **Cost to make and sell**

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

### **Country of origin**

The country in which the last significant process in the manufacture or production of the goods was performed.

### **Date of sale**

The Commission will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

### **Direct labour cost**

Direct labour is categorised as a variable cost, i.e. the value varies with the level of production.

### **Dumping**

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

### **Dumping margin**

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

### **Export price**

The export price of the goods is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

### **Exporting country**

The country of export is normally the country of origin from which the goods are shipped. The country

of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

### **Factory overheads**

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

### **Goods under consideration (the goods)**

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

### **Incoterms**

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

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

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DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc. incurred upon importation)

### **The period**

A period defined by the Commission over which importations of the goods are examined.

### **Like goods**

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the goods or that, although not alike in all respects have characteristics closely resembling those of the goods. The term 'like goods' also refers to the goods produced by the Australian industry allegedly being injured by dumped imports.

### **Normal value**

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based on all costs to make and sell the goods, and an amount for profit. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, the Commission will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by the Commission and the normal value is determined as if the surrogate country were the



export source.

### **Ordinary course of trade**

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

### **Selling, general and administration expenses (SG&A)**

The selling, general and administration expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the goods were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- . domestic sales of like goods;
- . sale of goods of the same general category by the exporter; or
- . sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.