

VIA E-MAIL

December 17, 2019

Ms Jenny Levin
Mr Carl Halpin
CC.: Mr Gavin Crooks
Anti-Dumping Commission
55 Collins Street VIC 3000
Melbourne, Australia

Our Client: Zhuhai Grand Kitchenware Co., Ltd. (hereinafter “Zhuhai Grand”)

Case No.: 517

Re: Submission on the Statement of Essential Facts

Dear Ms Levin,

Dear Mr Halpin,

Further to our submission dated 19 November, 2019, regarding some critical issues identified in the Verification Report relating to our client, Zhuhai Grand, we would like to reiterate our comments, in particular the mapping of model control modes (“MCCs”) and the calculations of normal value, profit and SG&A.

1. In the Statement of Essential Facts (“SEF”), the Commission failed to address Zhuhai Grand’s submission on the Mapping of MCCs described in the Verification Report. Therefore, Zhuhai Grand re-submits that the current mapping of MCCs is inappropriate, as it does not reasonably reflect the main cost driver, **[BUSINESS PROPRIETARY INFORMATION – Zhuhai Grand’s Cost Driver]**.
2. **[BUSINESS PROPRIETARY INFORMATION – Reasons for Using SKU-based COP and Zhuhai Grand’s COP data]**.
3. In light of the above, we respectfully ask that the Commission re-consider the appropriateness of the current MCC mapping and use the SKU-based COP in the calculation of CTMS.
4. We also notice that the Commission failed to address our comments on the establishment of Normal Value and the errors of dumping margin calculation, in particular the establishment of domestic sales value at EXW level and profit margin. In addition, we discovered a clerical error in Zhuhai Grand’s response to the

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exporter questionnaire relating to the SG&A listing, thereby resulting an incorrect domestic SG&A.

5. The establishment of domestic sales value at EXW level: [**BUSINESS PROPRIETARY INFORMATION – Calculation of Domestic Sales Value at EXW Level**].
6. Profit Margin: [**BUSINESS PROPRIETARY INFORMATION – Calculation of Profit Margin**].
7. SG&A: [**BUSINESS PROPRIETARY INFORMATION – Calculation of Domestic SG&A**].
8. We summarized the errors mentioned above as *Annex 4*. We respectfully ask that the Commission take notice of the errors above and make all necessary corrections.
9. In conclusion, the SKU-based COP, rather than the CTM calculated using the current MCC mapping, should be used in establishing the CTMS, as the SKU-based COP reflects the main drive in the most reasonable, correct manner. [**BUSINESS PROPRIETARY INFORMATION – Information of SKUs Sold on the Domestic Market**]. The sufficiency test of domestic sales per SKU is provided in *Annex 5*.
10. Therefore, we propose that the following conditions should be met, if the Commission considers it inappropriate to use the SKU-based COP and opts in the current MCC mapping when calculating the CTMS:
 - a) The current CTM as established in Appendix 2, tab “(a) All market CTM” is used;
 - b) Non-refundable export VAT should be deducted from the export selling prices, rather than added to normal value.
 - c) The SG&A should be revised to correct the error mentioned in paragraph 7; and
 - d) The profit margin should be revised to correct the error mentioned in paragraph 6.
11. Based on the above, we hereby submit Zhuhai Grand’s normal value construed per MCC in *Annex 6*. Also, a dumping margin calculation based on *Annex 6* is provided in *Annex 7* for your reference.
12. As an alternative to the MCC-based approach, a more appropriate approach is to

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base the dumping margin calculation on SKU. Following the same methodology, we summarized the Export Price per SKU in *Annex 8* and developed another normal value, constructed per SKU in *Annex 9*. Similarly, a dumping margin calculation based on Annex 9 is provided in *Annex 10* for your reference.

Thank you in advance for your consideration. We rest at the Commission's disposal for any further questions.

Respectfully submitted,

AllBright Law Offices (Beijing)

List of Annexes

Annex 1: MCC-SKU Correlation Table

Annex 2: Monthly Profit Statement

Annex 3: Revised SG&A

Annex 4: Error Summary

Annex 5: Sufficiency Test per SKU

Annex 6: Construed Normal Value per MCC

Annex 7: Dumping Margin Calculation based on Construed Normal Value per MCC

Annex 8: Export price per SKU

Annex 9: Construed Normal Value per SKU

Annex 10: Dumping Margin Calculation based on Construed Normal Value per SKU

All annexes contain business confidential information and are not susceptible of summary.