



Xinyi ESM Verification Report

Verification & Case Details

Initiation Date	27/04/2021	ADN:	2021/054
Case Number	582		
The goods under consideration	Clear Float Glass		
Case type	Dumping and Subsidy Investigation		
Exporter	Xinyi Energy Smart (Malaysia) Sdn Bhd		
Location	Virtual verification		
Verification from	23/08/2021	to	01/09/2021
Investigation Period	1/04/2020	to	31/03/2021

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

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PREFACE

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (Commission) by the verification team for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901 (Cth)* (the Act).¹

¹ References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Xinyi Energy Smart (Malaysia) Sdn Bhd (Xinyi ESM) is a private company registered in Malaysia. Xinyi ESM is a manufacturer and seller of glass products including clear float glass, coated float glass, tinted float glass and clear silver mirror in both domestic and export markets.

Xinyi ESM is part of a large network of companies and its shareholders include several corporate entities.

1.2 Related parties

The verification team examined the relationships between Xinyi ESM and parties involved in the manufacture and sale of the goods.

The verification team found that Xinyi ESM did not have any related party customers in relation to the sale of the goods to Australia, or like goods in the domestic market, during the investigation period.

1.2.1 Related suppliers

The verification team identified two related parties that supplied minor volumes of raw material used in the manufacture of the goods during the investigation period.

1.3 Accounting records

The company's audited financial statement was audited by O.L. Yeo & Co. and includes a statement that the financial accounts comply with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Therefore, the verification team considers that the accounting records held by the company are in accordance with the generally accepted accounting principles of Malaysia.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

Xinyi ESM is a manufacturer of glass products, a summary of the production process is as follows:

- Mixing - all raw materials including soda ash, silica sand, dolomite, limestone are carefully weighed and mixed evenly. Specific materials are added to the process which determine the type of glass produced. They are then transferred to a silo.
- Melting - three furnaces are used to melt the materials into molten glass using natural gas at a temperature of 1600°C.
- Floating/Forming - this process involves the molten glass floating on top of a tin bath at a temperature of 900°C. This process controls the thickness.
- Annealing/Cooling - this process involves gradually cooling the glass to a temperature of approximately 850°C / 700°C and quality assurance including inspecting defects and bubbles is undertaken.
- Cutting - this process involves cutting the glass for each allocated batch.

2.2 Model Control Codes (MCCs)

Xinyi ESM provided all mandatory sales and cost data in its response to the Xinyi ESM questionnaire (REQ) in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2021/054.

Xinyi ESM did not propose any changes to the MCC and the verification team did not consider any changes to the MCC.

2.3 Verification of MCCs

Table 1 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Nominal Thickness	Commercial invoices and packing lists.

Table 1 MCC sub-category determination

2.4 The goods exported to Australia

The verification team was satisfied that Xinyi ESM produced and exported the goods to Australia. Xinyi ESM exported the goods to Australia with the following MCCs during the period:

- 3 mm
- 4 mm

- 5 mm
- 6 mm
- 8 mm
- 10 mm
- 12 mm

2.5 Like goods sold on the domestic market

The verification team was satisfied that Xinyi ESM sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- **Physical likeness** – are not distinguished from the exported goods during production. The exported goods and the goods sold on the domestic market are produced in the same way, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same.
- **Production likeness** – are produced at the same facilities, using the same raw material inputs and manufacturing processes.
- **Commercial likeness** – the goods compete in similar market sectors, are interchangeable and use similar distribution channels.
- **Functional likeness** – can be considered functionally alike, as they have similar end uses.

Xinyi ESM sold like goods on the domestic market with the following MCCs during the period:

- 3 mm
- 4 mm
- 5 mm
- 6 mm
- 8 mm
- 10 mm
- 12 mm

2.6 Like goods – assessment

The verification team considers that the goods produced by Xinyi ESM for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the Act.

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the export and domestic sales listings submitted in the REQ by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

The verification team verified the relevance and completeness of the sales data as follows:

- Xinyi ESM's total sales revenue was reconciled to the most recent audited financial statement and to periodic income statements, the company's trial balance and accounting system for the most recent accounting period and the investigation period.
- Xinyi ESM demonstrated how it was able to ascertain the domestic and Australian sales values and volumes for clear float glass, using its accounting system.
- Xinyi ESM's detailed sales ledger was reconciled to the domestic and export sales listings submitted in the REQ.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data submitted by Xinyi ESM is complete and relevant.

4 VERIFICATION OF SALES ACCURACY

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

4.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
1	In relation to FOB sales, port and handling charges were included in the ocean freight column.	The company submitted a revised Australian sales listing showing the correct allocation of port and handling charges in a separate column.
2	In relation to FOB sales, port and handling charges and marine insurance were deducted from the net invoice value to calculate the FOB export price.	The company submitted a revised Australian sales listing, removing marine insurance and included the correct calculation of FOB export price.
3	In relation to CIF sales, port and handling charges were included in the ocean freight cost, not just the ocean freight value.	The company submitted a revised Australian sales listing showing the correct value of ocean freight and a separate column for port and handling charges for samples selected during the verification.
4	In relation to CIF sales, port and handling charges were not separated from ocean freight invoice values in the Australian sales listing except for the sampled transactions. The exporter explained that separating these handling charges would be too burdensome as this required extraction of line by line costs from thousands of invoices. The company submitted a revised Australian sales listing including a separate column for port and handling charges. The charges were calculated based on actual charges provided in the samples and a weighted average of the samples submitted for downwards verification.	The commission did not accept the weighted average cost calculations because they are not actual costs and therefore removed the weighted averages costs from the listing. In relation to CIF sales (with the exception of the samples verified) the FOB price is calculated by deducting the full ocean freight invoice value including the port handling charges.
5	In relation to the domestic sale listing, quantities were not provided for credit notes and rebates. The total of these transactions were immaterial however as they relate to rebates and discounts the verification team sought clarification on how to allocate these to the goods.	The verification team separated the credit notes and rebates from the domestic sales listing and instead allocated the credit notes according to each sale transaction as a proportion of gross invoice value. The verification team allocated the rebates in the same manner as the credit notes, however based on sales relevant to the rebate customer.

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No.	Exception	Resolution
6	One sale included an inland transport expense that was materially higher than other transactions.	The verification team sought an explanation from the exporter which advised that there had been a clerical error made with respect to the amount of the inland transport expense in relation to this sale. The exporter submitted source documents to substantiate the correct expense value.

Table 2 Exceptions during verification of accuracy of sales data

4.2 Date of sale

As outlined in the Commission's Dumping and Subsidy Manual, in establishing the date of sale, the Commission will normally use the date of invoice. As part of the verification process Xinyi ESM claimed that the date of sale for its Australian and domestic sales is the date when the contract is signed between Xinyi ESM and its customers, being the date of the proforma invoice. The issuance of the proforma invoice reflects the point when all material terms of sale are confirmed, agreed, and therefore established between Xinyi ESM and its customers. These terms then bind both parties to the sale and are carried through until the sale is completed. For sales that require advanced payment, the signing of the proforma invoice also commences the customer's obligation to make payment shortly after the date of the proforma invoice.

The verification team examined the evidence available and tested Xinyi ESM's claims. The verification team is satisfied that the price and quantity were established on the proforma invoice and were not subject to any continuing negotiation between the buyer and the seller after the claimed proforma invoice date. The verification team have therefore accepted the proforma invoice date as the date of sale for export and domestic sales.

4.3 Sales accuracy finding

The verification team is satisfied that the sales data submitted by Xinyi ESM, including any required amendments as outlined in the exception tables above, is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" through management accounts up to audited financial accounts. The total cost to make data is reconciled to the cost of production in the management reports with particular attention given to ensuring that all relevant costs are included and irrelevant costs have been excluded. The cost of production data is then reconciled, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, selling, general and administration (SG&A) expenses are reconciled to income statements, with particular attention given to specific expenses that were excluded or should be excluded.

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information submitted in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The verification team verified the relevance and completeness of the cost data as follows:

- Xinyi ESM's total cost of the goods sold was reconciled to the most recent audited financial statement and to periodic income statements, the company's trial balance and accounting system for the most recent accounting period and the investigation period.
- Xinyi ESM's total cost of production for the period was ascertained by adjusting for the change in finished goods inventory.
- Xinyi ESM demonstrated how it was able to ascertain the domestic and Australian cost to make values and volumes for clear float glass, using its accounting system.

The verification team verified the relevance and completeness of the SG&A data as follows:

- Xinyi ESM's SG&A listing was reconciled to the most recent audited financial statement and to periodic income statements, the company's trial balance and accounting system for the most recent accounting period and the investigation period.
- The classification of direct selling expenses was reconciled to relevant accounting ledgers and source documents.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data submitted in the REQ by Xinyi ESM, is complete and relevant.

6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY

6.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information submitted in the REQ to the relevant MCCs, in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Table below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Allocated to each MCC thickness based on production quantity (tonnes)
Scrap Allocation	Allocated to each MCC thickness based on production quantity (tonnes)
Manufacturing Overheads	Allocated to each MCC thickness based on production quantity (tonnes)
Gas energy	Allocated to each MCC thickness based on production quantity (tonnes)
Packaging	Allocated to each MCC thickness based on production quantity (tonnes)
Other material costs	Allocated to each MCC thickness based on production quantity (tonnes)
Labour	Allocated to each MCC thickness based on production quantity (tonnes)
Depreciation	Allocated to each MCC thickness based on production quantity (tonnes)

Table 4 Cost allocation method

6.2 Verification of Accuracy of CTMS data

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the cost data down to source documents. This verifies the accuracy of the data.

The verification team verified the accuracy of the CTMS information submitted in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.3 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
7	The verification team found that the raw materials purchase listing regarding soda ash had incorrect invoice dates for some purchases.	Xinyi ESM explained that some purchase lines had incorrect dates because it used a different entry date from its accounting system. Xinyi ESM therefore provided a revised raw materials purchase listing regarding soda ash to correct the relevant invoice dates.

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8	The verification team found that the raw materials purchase listing regarding soda ash had some purchases with incorrect delivery terms listed.	Xinyi ESM explained that the incorrect delivery terms initially reported were manual errors. Xinyi ESM therefore provided a revised raw materials purchase listing regarding soda ash including the correct delivery terms.
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Table 5 Exceptions during verification of accuracy of CTMS data

6.4 Related party suppliers

The verification team notes that soda ash was the main raw material used in the production of clear float glass during the investigation period.

Xinyi ESM purchased soda ash from various unrelated parties and from one related party during the investigation period. Xinyi ESM advised the market price plus a fee reflecting the related party's role as a trader of soda ash determined the price of soda ash purchased from the related party.

The verification team analysed the soda ash purchases and noted that:

- the purchases from the related party supplier during the investigation period were immaterial
- there was no material price difference between the related and unrelated suppliers in relation to Xinyi ESM's purchases.

The verification team identified a related party supplier of silica sand and noted they also supplied a minor volume during the investigation period. Similar to the soda ash related party supplier no material price difference was determined between the related and unrelated suppliers.

Based on the findings above the verification team considers that purchases made by Xinyi ESM to its related party suppliers during the period were arms length transactions.

6.5 Accuracy finding

The verification team is satisfied that the CTMS data submitted in the REQ by Xinyi ESM, including any required amendments as outlined as an exception above, is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

The verification team considers Xinyi ESM's Australian customers to be the beneficial owners of the goods at the time of importation and therefore the importer as the importer is:

- named on the commercial invoice as the customer
- named as the consignee on the bill of lading
- pays for the importation charges in relation to free on board (FOB) sales.

In relation to the goods exported by Xinyi ESM to Australia, the verification team considers that the customers listed for each shipment were the beneficial owners of the goods at the time of importation, and therefore were the importers of the goods.

7.2 The exporter

The verification team considers Xinyi ESM to be the exporter of the goods², as Xinyi ESM is:

- the manufacturer of the goods
- named on the commercial invoice as the supplier
- named as consignor on the bill of lading
- arranges and pays for the inland transport to the port of export
- arranges and pays for the port handling charges at the port of export
- arranges and pays for the ocean freight and marine insurance in relation to cost, insurance and freight (CIF) sales.

The verification team is satisfied that for all Australian export sales during the period, Xinyi ESM was the exporter of the goods.

7.3 Arms length

7.3.1 Unrelated customers

In respect of Xinyi ESM's Australian sales of the goods to its unrelated customers during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or

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

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- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.³

The verification team therefore considers that all export sales made by Xinyi ESM to its unrelated Australian customers during the period were arms length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by Xinyi ESM, the verification team recommends that the export price be determined under section 269TAB(1)(a), as the price paid by the importer to Xinyi ESM less transport and other costs arising after exportation.

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

³ Section 269TAA refers.

8 DOMESTIC SALES

Section 269TAC(1) provides the general rule for calculating normal value. For sales to be relevant for the purpose of section 269TAC(1), they must be sales of like goods sold in the exporter's domestic market for home consumption that are at arms length and in the ordinary course of trade (OCOT).

8.1 Arms length

8.1.1 Unrelated customers

The verification team notes all domestic sales of clear float glass by Xinyi ESM during the period were made to unrelated customers.

In respect of the Xinyi ESM's domestic sales of like goods to its unrelated customers during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by Xinyi ESM to its unrelated domestic customers during the period were arm's length transactions.

8.2 Ordinary course of trade

Section 269TAAD states that domestic sales of like goods are not in the OCOT if arms length transactions are:

- unprofitable in substantial quantities over an extended period
- unlikely to be recoverable within a reasonable period.⁴

The verification team tested profitability by comparing the net invoice price against the relevant cost for each domestic sales transaction.

The team then tested whether the unprofitable sales were in substantial quantities (not less than 20%) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the period.

The team tested recoverability by comparing the net invoice price against the relevant weighted average cost over the period for each domestic sales transaction.

The following table sets out further detail:

OCOT particulars	Details
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⁴ In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

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Price	Net invoice price
Cost	Quarterly cost to make and sell, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell over the period, including direct selling expenses for each transaction.

Table 1 OCOT details

8.3 Volume of relevant sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter’s domestic sales of like goods are taken to be in a low volume under section 269TAC(14) where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than five per cent of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

The verification team assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of domestic sales was five per cent or greater and therefore was not a low volume.

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the Commission considers the volume of sales of each exported MCC on the domestic market. Where the volume of domestic sales of an exported model is less than 5% of the volume exported, the Commission will consider whether a proper comparison can be made at the MCC level. In these situations, the Commission may consider whether a surrogate domestic model should be used to calculate normal value for the exported model.

This analysis is detailed in the table below.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
3mm	Y	Sufficient quantity, therefore used in normal value
4mm	Y	Sufficient quantity, therefore used in normal value
5mm	Y	Sufficient quantity, therefore used in normal value
6mm	Y	Sufficient quantity, therefore used in normal value
8mm	Y	Sufficient quantity, therefore used in normal value
10mm	Y	Sufficient quantity, therefore used in normal value
12mm	Y	Sufficient quantity, therefore used in normal value

Table 2 Domestic volumes

The verification team’s volume analysis is at **Confidential Appendix 3**.

9 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at free-on-board (FOB) terms, the verification team has considered the following adjustments in accordance with section 269TAC(8).

9.1 Rationale and Method

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit terms	The company submitted an average payment days reconciliation calculating the average payment days for the investigation period.	Average payment collection days calculated based on accounts receivable opening and closing balances and total year-end sales.	No	Yes
Domestic inland transport	A downward adjustment to the normal value to ensure a fair comparison to the FOB export price.	Based on the actual domestic inland transport cost for each transaction.	Yes	Yes
Domestic ocean freight	A downward adjustment to the normal value to ensure a fair comparison to the FOB export price.	Based on the actual domestic ocean freight cost for certain transactions.	Yes	Yes
Domestic packaging	The company submitted evidence to confirm that unit packaging costs were not differentiated by market destination and the costs are the same for the same packaging types. Therefore an adjustment is not necessary.	Based on the weighted average packaging cost.	No	No
Export inland transport	An upward adjustment to the normal value to ensure a fair comparison to the FOB export price.	Based on the actual export inland transport cost for each transaction.	Yes	Yes
Export port and handling charges	An upward adjustment to the normal value to ensure a fair comparison to the FOB export price.	Actual export port and handling charges for certain transactions.	Yes	Yes
Export bank charges	An upward adjustment to the normal value to ensure a fair comparison to the FOB export price.	Based on the actual bank charge for certain transactions.	No	Yes
Export credit terms	Xinyi ESM submitted an average payment days reconciliation calculating the average payment days for the investigation period.	Average payment collection days calculated based on accounts receivable opening and closing balances and total year-end sales.	No	Yes
Export packaging	The company submitted evidence to confirm that unit packaging costs were not differentiated by market destination and the costs are	Based on the weighted average packaging cost.	No	No

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	the same for the same packaging types. Therefore an adjustment is not necessary.			
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Table 3 Assessment of adjustments

9.2 Adjustments

The verification team considers the following adjustments under section 269TAC(8) are necessary to ensure that the normal value so ascertained is properly compared with the export price of those goods.

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit terms
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic ocean freight	Deduct an amount for domestic ocean freight
Export inland transport	Add an amount for export inland transport
Export port and handling charges	Add an amount for export port and handling charges
Export bank charges	Add an amount for export bank charges
Export credit terms	Add an amount for export credit terms

Table 4 Summary of adjustments

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 3**.

10 NORMAL VALUE

The verification team found that there were sufficient volumes of sales of like goods sold for home consumption in the country of export that were arms length transactions and at prices that were within the OCOT. The verification team is therefore not satisfied that there is an absence, or low volume, of sales relevant for the purpose of determining a price under section 269TAC(1).

The verification team has determined a preliminary normal value under section 269TAC(1).

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with section 269TAC(8) are necessary. This is to ensure that differences between the normal value of goods exported to Australia and the export price of the exported goods would not affect comparison of domestic prices with export prices, as outlined in chapter 0 above.

The verification team's preliminary normal value calculations are at **Confidential Appendix 3**.

11 DUMPING MARGIN

The dumping margin was assessed by comparing weighted average Australian export prices to the corresponding quarterly weighted average normal value for the investigation period under section 269TACB(2)(a).

The dumping margin for the goods exported to Australia by Xinyi ESM for the period is **-7.4%**.

The preliminary dumping margin calculation is at **Confidential Appendix 4**.

12 SUBSIDIES

12.1 Less than adequate remuneration

The verification team verified the completeness, relevance and accuracy of the gas energy purchase listing submitted in the REQ by reconciling the listing up to the general ledger and down to source documents.

The verification team collected information on whether the gas was supplied by and or manufactured by a State Invested Enterprise.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

12.2 Tax benefits

The verification team verified the income tax information submitted in the REQ by reconciling the information to the tax returns and proof of payment documentation.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

12.3 Financial Grants

The verification team verified the completeness, relevance and accuracy of the financial grants listing submitted in the REQ by reconciling the listing up to the general ledger and down to source documents.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

12.4 Preferential interest rate/loans

The verification team notes that Xinyi ESM did not have any short term borrowings or any overdraft facilities during the investigation period. The verification team is therefore satisfied that Xinyi ESM did not receive preferential interest rates or loans.

12.5 Subsidy margin

The verification team found that Xinyi ESM received a subsidy benefit during the investigation period and calculated its attribution and allocation to the goods as follows:

Program name	Attribution and allocation of the subsidy
Wage subsidy program	The verification team understands that the wage subsidy was granted as a result of the impact of the Coronavirus. The subsidy has been allocated to the goods based on sales value.

Table 10 Subsidy programs

PUBLIC RECORD

On the basis that the case management team finds this program to be a countervailable subsidy, the verification team has calculated a preliminary subsidy margin for Xinyi ESM during the investigation period to be **0.1%**.

Details of the preliminary subsidy margin calculation is at **Confidential Appendix 5**.

13 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Normal Value
Confidential Appendix 4	Dumping Margin
Confidential Appendix 5	Subsidy Margin
Confidential Attachment 1	Verification work program