



Verification report – Overseas Exporter Case TD0029: Cast Iron Articles originating from the Peoples Republic of China

Period of Investigation (POI):	01 October 2021 – 30 September 2022
Injury Period:	01 October 2018 – 30 September 2022
Date of report:	18/09/2023
Case team contact details:	TD0029@traderemedies.gov.uk
Company verified:	Hong Guang Handan Cast Foundry Co. Ltd

For further details, please see the [Notice of initiation](#) on the public file.



Contents

Executive Summary	3
Purpose of verification	4
Confidential information	4
Verification	5
A-I. Company structure and associations	5
A-II. Goods	7
B-I. Sales	9
D-I. Costs.....	11
D-II. Performance	13
Conclusions	14
Annexes	16
Annex 1: Meetings.....	16



Executive Summary

On 23 November 2022, the Trade Remedies Authority (TRA) initiated a transition review for Certain Cast Iron Articles originating from the People's Republic of China ('the goods subject to review').

The UK Trade Remedies Authority carries out a transition review of each trade remedy measure active under the European Union (EU) system that the UK transitioned following the exit from the EU.

More information about the case can be found on the public file:

[Case TD0029 public case file](#)

The Period of Investigation (POI) is from 1 October 2021 to 30 September 2022.

Hong Guang Handan Cast Foundry Co. Ltd (Handan Cast) is an exporter of the goods subject to review and returned both a completed confidential and non-confidential exporter questionnaire ("questionnaire"). The TRA sought to verify the completeness, relevance and accuracy of the data submitted.

We compared questionnaire responses and accompanying evidence against information from open sources, such as China Chamber of Commerce for import and export of Machinery Electronic products (which Handan Cast are no longer a member of), His Majesty's Revenue & Customs (HMRC) and other trade data sources. Information was checked for consistency with audited financial statements (and unaudited statements for year 2022) and responses from other interested parties. We conducted a walkthrough of the accounting systems to assess the level of reliance we can place on data produced. An online verification visit was performed to assess the completeness, relevance and accuracy of the data provided in Handan Cast's questionnaire response and supporting documents.

The TRA does not have any concerns to report in respect of information provided by Handan Cast. We were able to verify selected samples of information provided by Handan Cast in its questionnaire response. Where discrepancies were identified, Handan Cast resolved these and provided the TRA with an updated questionnaire response.

Based on the verification activity undertaken, we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by Handan Cast, and it can be used for the purpose of this review.



Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to decide whether the information provided by Handan Cast is verifiable and can be used for the purposes of our review. Such data can then be considered in our assessments and analysis to determine whether injury is caused, or likely to be caused, to the UK industry by dumped imports of the goods concerned. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

Verification activity is carried out through desk-based procedures, remote analysis, and verification work online. The activity undertaken did not seek to verify all information provided but to undertake work considered appropriate and practicable within the time constraints of the review to obtain assurance upon which to base our decision.

This verification report documents the work completed. The TRA carried out a variety of verification procedures and checks on Handan Cast and this report details the conclusions reached about the completeness, relevance and accuracy of information provided.

Confidential information

Handan Cast must provide a non-confidential version of the verification report marked as "non-confidential" in the header of the non-confidential verification report.

If any information contained in the confidential verification report is considered confidential, Handan Cast should delete or redact those sections and provide a non-confidential summary of the information which has been removed. It must provide reasons as to why the particular information is considered confidential (see also [public guidance](#)).

The non-confidential version of the verification report will be placed on the public file.



Verification

Please find below a summary of work that has been completed and the checks that have been carried out by the TRA to determine whether the information provided by Handan Cast in its questionnaire response is verifiable.

A-I. Company structure and associations

What information was considered	
<p>We considered the following from the questionnaire:</p> <ul style="list-style-type: none"> • General set-up, including the ownership and management of the company. • Associations. • Accounting practices and policies. 	
<ul style="list-style-type: none"> • <i>Please indicate the confidentiality status of the information summarised above:</i> 	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<p><i>If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also public guidance):</i></p>	
<p>Not applicable.</p>	
How the information was checked	
<p>General set-up, ownership, locations, and management</p> <p>The TRA cross-checked information provided by Handan Cast on its general set-up, ownership, year of establishment, location, memberships or accreditations and number of employees. The TRA cross-checked the information by examining official documents and considered them against a variety of public websites including Handan Cast’s own web page, comparing this back to the Certificate of Incorporation and the company’s audited financial reports.</p> <p>Handan Cast is classed as an exporting producer and is owned by two shareholders with an 80% and 20% split. The company produces and exports the goods subject to review, including exports to the UK as well as a range of other castings and products produced for both the domestic and export market.</p> <p>We found information from official documents, public web sources and industry data to be consistent with the information provided by the company in its questionnaire response.</p> <p>Associations</p> <p>Neither shareholder is listed as having any interest in other companies involved in the production, sales, marketing, or administration of the good concerned. We have tested this with our own online research and found no such associations.</p>	



Accounting practices and policies

Handan Cast provided financial statements for years ending 2019, 2020 and 2021 [redacted – commercially sensitive information]. Notes to the accounts states that the financial statements were prepared in line with the ‘Accounting Standard for Business Enterprises’ and ‘Accounting System for Industrial Enterprise’ and that for all three years Handan Cast have ‘presented a fair financial position..’ in all material respects.

Detailed accounting policies for the company are included in note one of the audited financial statements. We were able to verify the basis for accounts preparation, the financial year convention, the method for valuing stock and the method for revenue recognition. There were no discrepancies between policies disclosed in Handan Cast’s financial statements and its questionnaire response.

Accounting system walkthrough

On 14 July 2023, the TRA conducted a remote walkthrough of Handan Cast’s accounting system ([redacted – commercially sensitive information]) on how export and sales orders were tracked from order to dispatch. This contributed to our understanding of the accounting process and helped us determine whether we could rely on the accounting system for the information provided. We were also able to determine whether the procedures were automated or manual and whether adequate controls were in place for authorising transactions.

During the walkthrough we found that the sales process was integrated within the [redacted – commercially sensitive information]. We were able to agree the sales transactions selected to source documentation i.e., the invoice, purchase order and bank statement.

We also found the purchases process was integrated within the [redacted – commercially sensitive information] and were able to agree the raw materials transactions selected to source documents i.e., the invoice, contract with supplier and bank payment.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

The redacted information involves Handan Cast’s auditor and accounting system. The disclosure of the information would harm Handan Cast’s interests.

Exceptions/Findings/Adjustments

We found no issues with the data presented and checked. No adjustments or amendments were required.



Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

Conclusions

The information relating to company structure and associations that we have been provided by Handan Cast is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate. The data relating to the company can be used by the TRA for the purpose of this review.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

A-II. Goods

What information was considered

We examined the following from the questionnaire:

- Product Control Number (PCN).
- Goods description and comparability to the like goods made and sold in the UK.
- Supplier information

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

How the information was checked



PCN allocations and internal coding system

Handan Cast has an internal coding system which assigns an Internal Alphanumeric code dependant on the products characteristics. The PCN Handan Cast assigned to each product description, was compared against product technical sheets, website data, and invoice details to check that Handan Cast had followed the PCN structure correctly in its questionnaire response. We did not find any incorrectly allocated products.

Goods description and comparability to the goods subject to review

The products Handan Cast declared as not the like goods were compared against the scope of products described in the case initiation document. To ensure that the PCN structure had been followed correctly, a selection of PCNs was compared. There was no evidence that any goods had been incorrectly excluded or included.

Verification of supplier information

We cross-checked all worksheets in the questionnaire annex to ensure that there was consistency between internal product codes, PCNs, and product information sheets. We found no product codes or PCNs in the annex document that were not described in the questionnaire. Figures allocated to each PCN in each annex could be reconciled to the same allocation as reported in all other relevant areas of the questionnaire and matched the description of goods subject to review.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

Exceptions/Findings/Adjustments

We found no issues with the data presented and checked. No adjustments or amendments were required.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

Conclusions

The information relating to the company's goods that we have been provided with by Handan Cast is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete,



relevant, and accurate. The data can therefore be used by the TRA for the purpose of this review.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

B-I. Sales

What information was considered

Upwards verification

We compared the following sales data in Handan Cast's questionnaire annex to its trial balance, management accounts, and audited financial accounts to check for relevance and completeness:

- Total sales within the POI.
- Management accounts and trial balance covering 1 January 2021 to 31 December 2021 and 1 January 2022 to 31 December 2022 and the audited accounts for year ended 31 December 2021 and the unaudited accounts for year ended 31 December 2022.
- List of sales during the POI.

Downwards verification

Supporting documentation for sampled sales transactions, including copy of sales order, sales contract, commercial invoice, bill of lading, customs declaration, packing lists, transport charges and bank payment were received and reviewed.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

How the information was checked

Upwards verification

We performed upwards verification to confirm the completeness and relevance of the total sales data set provided in the questionnaire response. As noted above, Handan Cast's financial year and the POI do not align. We therefore used the financial statements, the trial balances and management accounts and were able to ascertain the completeness of information provided in the questionnaire response for both the sales of all goods and for the like goods.



The upwards verification was completed entirely during the remote verification visit and Handan Cast was able to display extracts from their accounting system for all requested periods such as the POI or year ended 31 December 2021 and 31 December 2022 which reconciled to the information provided in the questionnaire response for sales of all goods. We were able to observe how the extracts for all goods had been filtered to provide the values for sales of like goods and the transaction listings for the like goods. Filters on country of export and whether goods were like goods or non-like goods were utilised to perform this and TRA requested and received this information and was able to reperform these with no issues.

Downwards verification

The TRA performed downwards verification of sales data provided by Handan Cast to confirm the accuracy and relevance of the information provided. We selected a sample of ten transactions for downward verification based on our analysis of trends in volume, value, and average unit price to identify outliers in the data. We traced selected transactions to source documents, checking for consistency. Source documents provided included sales order/invoice/contracts. The information provided within the sales data was traced downwards to validate the accuracy of the data submitted relating to value, goods description, and volume. Furthermore, the bill of lading, customs declaration, packing list and transport charges supporting documents were also verified to ensure information provided within the sales data was for the goods that were physically processed, shipped, and received by the customer.

The sampled transactions were agreed back to source documents provided by Handan Cast. All sales to the UK were denominated in GBP. All ten transactions passed our testing and reconciled with the information provided by Handan Cast.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Exceptions/Findings/Adjustments

None

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Conclusions

The information relating to sales that we have been provided by Handan Cast is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate, and can therefore be used by the TRA for the purposes of this review.



If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

D-I. Costs

What information was considered

We compared the following cost data in Handan Cast's questionnaire response to its trial balance, management accounts, and audited financial accounts, to ensure the data we rely on is complete:

- Cost to make
- Raw Materials costs and relevant source documents
- Management accounts and trial balance covering 1 January 2021 to 31 December 2021 and 1 January 2022 to 31 December 2022 and the audited accounts for year ended 31 December 2021 and the unaudited accounts for year ended 31 December 2022.
- List of sales during the POI.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

How the information was checked

Upwards verification

The TRA performed upwards verification to confirm the completeness and relevance of the cost data set provided in the questionnaire response. We performed upwards verification to confirm the completeness, relevance and accuracy of the total sales data provided in the questionnaire response. As noted, Handan Cast's financial year and the POI do not align. We therefore used the financial statements, the trial balances and management accounts.

Upwards reconciliation was completed entirely during remote verification. Handan Cast was able to display extracts from their accounting system for all requested periods such as the POI or year ended 31 December 2021 and 31 December 2022 which reconciled to the information provided in the questionnaire response for cost to make. We were able to observe how the cost to make for all goods information provided in the questionnaire response reconciled to extracts from the accounting system which we had aligned to the financial statements with no variances noted. The cost to make transaction listing for all goods was reconciled to the extracts provided from the accounting system for the POI.



For the cost to make for like goods, Handan Cast had calculated this using all goods CTM value and then apportioning these using quantity produced to allocate raw material and other costs to make to like goods CTM. We recalculated this for a sample of PCNs to ensure accuracy and logic checked the formula used and found no issues.

Downwards verification

The TRA performed downwards verification of raw materials cost data provided by Handan Cast to confirm the relevance and accuracy of the information. As above, this was selected from the cost to make transaction listing for all goods as we were not provided with cost to make data transaction listing specifically for the like goods due to the method used to apportion the like goods CTM discussed above.

We selected a sample of six transactions for downward verification based on our analysis of trends in volume, value, and average unit price to identify outliers in the data.

We traced selected transactions of pig iron, steel scrap, silicone iron and mixed paint to source documents, checking for consistency. The weight, value, and other fields of information within the cost data was traced downwards to validate the accuracy of the data submitted relating to the goods subject to review. The following source documents were checked:

- Sales Invoice
- Purchase Contract / Purchase Order
- Stock In Document (Goods Received Note)
- Bank Receipt information
- Extract from Accounts Payable for the supplier
- Accounting Voucher

The sampled transactions were agreed back to source documents provided by Handan Cast; no material issues were found.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Exceptions/Findings/Adjustments

None

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Conclusions



The information relating to costs that we have been provided with by Handan Cast is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate, and can therefore be used by the TRA.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

D-II. Performance

What information was considered

We considered the following information that was extracted from the questionnaire:

- Production capacity
- Output
- Inventory

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

How the information was checked

We reviewed and analysed the questionnaire and annex data, to assess Handan Cast's production capacity and output for the goods subject to review during the injury period. We asked Handan Cast to explain how they calculated production capacity figures. [\[Redacted – commercially sensitive information\]](#). The explanation provided appeared reasonable and we were able to replicate the figures provided. We cross-checked the production figures against:

- stocks,
- cost upwards

We reviewed utilisation capacity figures; these were based on verified production capacity and production levels as described above. We were also able to recalculate the capacity utilisation figures and are content the methodology used was reasonable.

We reviewed and analysed the questionnaire response and annex data, to assess Handan Cast's inventory levels of the goods subject to review during the injury period. To verify these figures, we used:

- the verified production output data, and



- the domestic and export sales data

By taking the opening inventory, adding production output, and deducting domestic and export sales, we were able to reach the same figure provided for the closing inventory. The closing stock figure for the previous year agreed to the opening inventory figure of the following year, we are content the methodology used was reasonable.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

The redacted information involves Handan Cast's calculation method of production capacity figures. The disclosure of the information would harm Handan Cast's interests.

Exceptions/Findings/Adjustments

None

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Conclusions

The information relating to performance that we have been provided with by Handan Cast is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate, and can therefore be used by the TRA for the purposes of this review.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Not applicable.

Conclusions

The TRA has completed verification of the data provided by Handan Cast for use in our assessments.

Verification of Handan Cast submitted data, and its accounting system identified minor discrepancies below materiality levels. We do not consider any of these minor discrepancies of material risk to the case and do not affect the way that the TRA intends to use submitted data.



We are satisfied that the company and product information provided can be verified to source documentation. We have reasonable assurance that the company and product information provided is accurate, relevant, and complete during the POI.

We reconciled submitted questionnaire data back to Handan Cast's financial statements, in respect of sales and cost to make; were it was not possible to reconcile back to the financial statements, we reconciled back to the general ledger and management accounts. Sampled transactions were agreed back to source documents provided by Handan Cast, no material issues were found.

We have obtained sufficient and appropriate evidence to conclude that the information provided by Handan Cast under all the sections above is verifiable. Therefore, we have a reasonable level of assurance that the information is complete, relevant, and accurate and can be used for the purpose of this review.



Annexes

Annex 1: Meetings

Date	Type of authentication	Company representatives	TRA representatives
System walkthrough – 14/07/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	redacted – contains personal information]
Online Verification – 26/07/23 and 28/07/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	redacted – contains personal information].