



SECTION A COMPANY STRUCTURE AND OPERATIONS

HYUNDAI HEAVY INDUSTRIES – POWER TRANSFORMERS

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Answer:

Hyundai Heavy Industries Co., Ltd. (hereinafter "HHI"); producer

Head Office and Factory:

Address	1, Jeonha Dong, Dong-gu, Ulsan, Korea
Telephone	+82-52-202-2114
Facsimile number	+82-52-202-3470

Contact Person:

Name	Mr. Oh, Se Heon
Position in the company	General Manager, Marketing Strategy & Promotion Department, Electro Electric Systems
Address	2nd Floor, Hyundai Bldg., 140-2, Gye-dong, Jongno-gu, Seoul, Korea 110-793
Telephone	+82-2-746-7591
Facsimile number	+82-2-746-7479
Email address of contact person	<u>sehoh@hhi.co.kr</u>

Hyundai Corporation (hereinafter "HDCP") : trading company in Korea

Head Office:

Address	Hyundai Bldg., 140-2, Gye-dong, Jongno-gu, Seoul, Korea 110-793
Telephone	+82-2-390-1114
Facsimile number	+82-2-390-1092

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Answer:

John Cosgrave

Minter Ellison Lawyers

Level 3, 25 National Circuit Forrest ACT 2603

02 6225 1781

john.cosgrave@minterellison.com

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

Answer:

HHI

The legal name of the company is Hyundai Heavy Industries Co., Ltd. HHI was incorporated in Ulsan, Korea in 1972 and it is a public company under the Korean Commercial Law. HHI does not use any other business names to export or sell goods.

HDCP

The legal name of the company is Hyundai Corporation. HDCP is a trading company and public company under the Korean Commercial Law established in 1976. HDCP does not use any other business names to export or sell goods.

PUBLIC RECORD

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders 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).

Answer:

The lists of the major shareholders of HHI and HDCP with their shareholding percentages are provided in Exhibit A-1.

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

Neither HHI, nor HDCP is a subsidiary of another company

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Answer:

Neither HHI, nor HDCP is a subsidiary of another company

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Answer:

The founder of HHI, Chung Ju-Yung, also founded many other companies in Korea, including Hyundai Motor Company, Hyundai Construction and Engineering, and KCC Corporation. Ownership in these companies was divided among Chung Ju-yung's descendants, including HHI's largest shareholder Chung Mong Joon, in a fashion that separated the companies by family member. For example, Chung Mong Joon's brother, Chung Mong Koo, is the largest shareholder and chairman and CEO of Hyundai Motor Company.

HHI is a member company of the Hyundai Heavy Industries Group of companies (the "HHI Group") which is not a legal entity but rather an informal affiliation of several companies that share common ownership interest. A list of the member companies of the Chung family is provided in Exhibit A-2.

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

Answer:

No management fees/corporate allocations were charged to HHI during the period of investigation.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

Answer:

HHI

HHI was incorporated in Ulsan, Korea in 1972 by the late Chung Ju-Yung and initially was engaged in the construction of large ocean vessels, but has since diversified into other product lines.

Currently, HHI is divided into seven unincorporated divisions (Shipbuilding, Offshore & Engineering, Industrial Plant & Engineering, Engine & Machinery, Electro Electric Systems, Green Energy, and Construction Equipment). In addition, there are two sections that handle general matters for the seven operating divisions: Administration & Assistance and Research & Development.

HHI's Electro Electric Systems Division produces and sells the GUC. In addition to the GUC, the Electro Electric Systems Division produces goods not under consideration consisting of transformers below 10 MVA capacity, gas insulated switchgears, low and medium voltage circuit breakers, power electronics, control systems and integration, motors and generators, marine purpose equipment, traction power supply, and propulsion systems. The Electro Electric Systems Division operated as a separately incorporated subsidiary of HHI, Hyundai Electrical Engineering Co., Ltd. (HEECO), from 1978 until it was merged into HHI in 1994.

Up to 31 December 2012, the Electro Electric Systems Division was organized into

[Redacted content]

[Internal

Organisational details]

As at 1 January 2013 the division has been re-organised into [REDACTED]

[REDACTED] [Internal Organisational details]

HDCP

HDCP was incorporated in 1976 as a general trading house. Since that time, HDCP has expanded to handle international trade and distribution services for a wide range of products, including steel, heavy machinery, ships, industrial plants, automobiles, electrical and electronic equipment, and basic commodities. HDCP also has diversified into investments into energy resource development projects in many countries and to the formation of a Chinese subsidiary specializing in the construction of mid-sized commercial vessels.

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:
- produce or manufacture
 - sell in the domestic market
 - export to Australia, and
 - export to countries other than Australia.

Answer:

Functions	HHI	HDCP
Produce or Manufacture	√	
Sell in the Domestic Market	√	
Export to Australia	√	√
Export to Countries other than Australia	√	√

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Answer:

HHI

Please see Exhibit A-3 and A-4 respectively for the company-wide organization chart of HHI and the organization chart for HHI's Electro Electric Systems Division. Please see the response to Question A7 above for a description of the company and Electro Electric Systems Division's internal organization.

HDCP

Please see Exhibit A-5 for HDCP's organization chart. As shown in the chart, HDCP is organized around product division (e.g., steel, chemical, automobiles, automobiles, and heavy industry), activity (e.g., new business division), and overseas branches. In addition to the business divisions, HDCP has the following administrative divisions: management service, and corporate strategic management.

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Answer:

HHI and HDCP

Please see Exhibit A-6 for HHI's and HDCP's most recent annual report and relevant brochures.

A-4 General accounting/administration information

1. Indicate your accounting period.

Answer:

HHI's fiscal year is the calendar year.

2. Indicate the address where the company's financial records are held.

Answer:

HHI

[REDACTED]
[REDACTED]. [Financial records locations]

HDCP

HDCP's headquarters is located at: 140-2, Gye Dong, Jongro Ku, Seoul, Korea. [REDACTED]
[REDACTED]. [Financial records location]

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:
- chart of accounts;
 - audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
 - internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

Answer:

Please see the exhibits listed below for the requested statements.

- HHI's chart of account at Exhibit A-7
- HHI's non-consolidated audited financial statements, in both English and Korean for 2012 at Exhibit A-8 and A-9
- HHI's consolidated financial statements, in both English and Korean for 2012 at Exhibit A-10 and A-11
- HHI's non-consolidated interim financial statements, in Korean [English translation not yet available] for the 1st half of 2013 at Exhibits A-12
- Internal income statements of HHI for 2010 through 1st half of 2013 at Exhibit A-13
- Internal income statements of Electro Electric Division for 2010 through 1st half of 2013 at Exhibit A-14
- HDCP's audited financial statements, in both English and Korean for 2012 at Exhibit A-15 and A-16

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Answer:

HHI and HDCP have provided audited financial statements

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

Answer:

HHI and HDCP's financial accounting practices are in accordance with Korean GAAP, which complies with the IFRS set by the IASB.

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

Answer:

The cost of inventories is based on the moving-average method with the exception of cost of materials-in-transit, which is determined on the specific identification method. Cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

Answer:

For details concerning HHI's costing methods, including the method of allocating costs shared with other goods or processes, please refer to its response to Section G -3.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Answer:

Not applicable.

- valuation methods for scrap, by products, or joint products;

Answer:

No by-products are generated during the production of the GUC. [REDACTED]

[Production details]

- valuation and revaluation methods for fixed assets;

Answer:

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

- average useful life for each class of production equipment and depreciation method and rate used for each;

Answer:

Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets.

The table below summarizes the useful life of each class of assets.

Useful lives (years)	
Buildings and structures	20~40
Machinery and equipment	5~15
Ships	15, 25
Vehicles	5~10
Tools, furniture and fixtures	3~20

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

- treatment of foreign exchange gains and losses arising from transactions;

Answer:

Foreign exchange gains and losses of borrowings, cash and cash equivalents that relate to non-operating financial activities are recorded in the income statement within "financial income (expense)". All other foreign exchange gains and losses that relate to operating activities are recorded in "Other operating income (expense)".

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

Answer:

Foreign currency transactions are translated into Korean Won using exchange rate on transaction date or financial statement closing date. Foreign exchange gains and losses resulting from transaction settlement and the transactions at year-end exchange rates of monetary assets and liabilities in foreign currencies are recorded in the income statement.

- inclusion of general expenses and/or interest;

Answer:

[Redacted]

[Expense details]

- provisions for bad or doubtful debts;

Answer:

[Redacted]

[Debt details]

- expenses for idle equipment and/or plant shut-downs;

Answer:

Not applicable.

- costs of plant closure;

Answer:

Not applicable.

- restructuring costs;

Answer:

Not applicable.

- by-products and scrap materials resulting from your company's production process; and

PUBLIC RECORD

Answer:

Please see earlier answer on by products & scrap material.

- effects of inflation on financial statement information.

Answer:

As a general matter, K-IFRS requires companies to prepare financial statements on a historical cost basis, without taking into account the effects of inflation.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

Answer:

HHI's financial statements for the annual periods beginning on 1 January 2011 have been prepared in accordance with K-IFRS (changed from K-GAAP). These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('*goods under consideration*' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information on a spreadsheet named "**Income statement**".

Answer:

Please see Attachment A-Income Statement

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

Prepare this information in a spreadsheet named "TURNOVER".

Answer:

Please see Attachment A-Turnover

PUBLIC RECORD**SECTION B
SALES TO AUSTRALIA (EXPORT PRICE)**

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

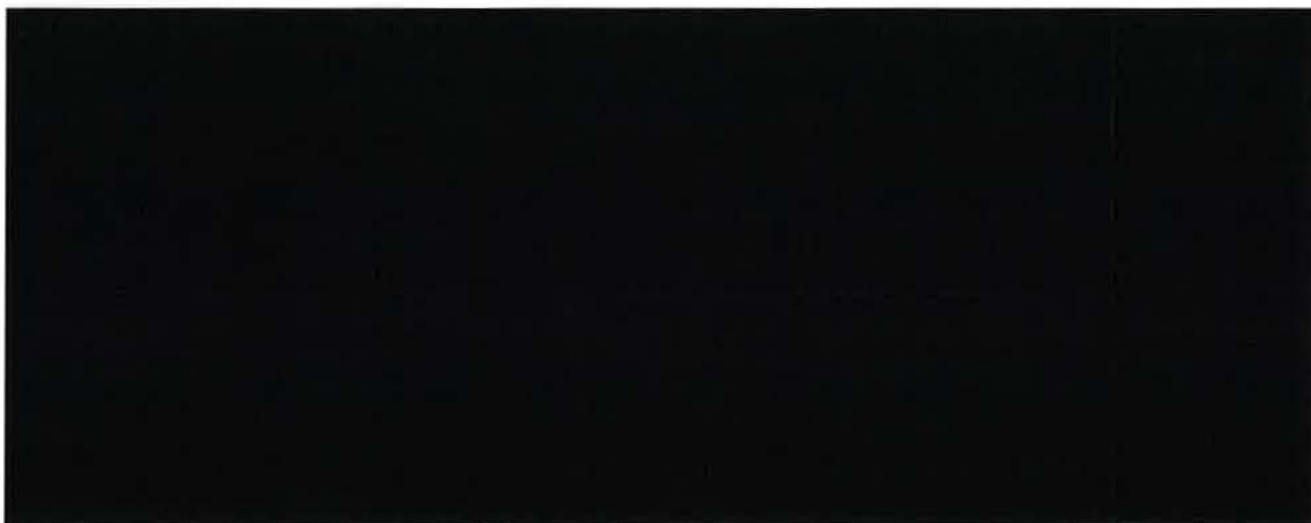
name;
address;
contact name and phone/fax number where known; and trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

Answer:

Only one affiliated company imported subject transformers that were exported by HHI through HDCP.

Name; Hyundai Corporation Australia Pty Ltd
Address; 815 Pacific Highway, Chatswood, NSW 2067, Australia
Contact name: Mr. Hakseon Kim
Phone number: +61-2-9413-2314
Fax number: +61-2-9413-1985
Trade level: Trader

Final end-users of HHI's transformers in Australia as follows:



B-2 For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

Answer:

The export sales to Australia were made through a direct shipment of the goods from HHI's production facility to the affiliated importer in Australia.

PUBLIC RECORD

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are determined through a tender process, supply copies of winning tender bids.

Answer:

HHI sells through HDCP and HA to the Australian market mainly within the framework of long-term panel contracts, which establish the overall framework of the transactions between Hyundai and the customer [customer details] for a fixed period of time (e.g., a period of several years).

[Redacted]

[Redacted]

[Sales process details] The agreement, however, does not obligate the purchaser to buy anything from Hyundai.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

PUBLIC RECORD

[REDACTED]

[Tendering, invoicing, delivery and payment details]

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

Answer:

All customers in Australia are unaffiliated companies. HHI did not have any financial or other arrangements with customers in Australia.

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

Answer:

[REDACTED]

[REDACTED]

PUBLIC RECORD

[Unshipped Order Details]

B-3 Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

The prices HHI charges for the goods under consideration in export to Australia do not vary because of distribution channel. Rather, HHI's prices are based on a transaction-specific evaluation of the specifications in the RFQ documents received from the purchaser.

B-4 Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period.

Where a contract has been won during the investigation period but the goods are not yet shipped, provide details of these goods with any expenses incurred to date and the scheduled delivery date specified in the contract.

Answer:

Please see Attachment A – Australian Sales.

B-5 If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

Answer:

Columns added or revised

[Redacted content]

PUBLIC RECORD

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Export Sales additional details]

- B-6** For each type of discount, rebate, allowance offered on export sales to Australia:
- provide a description; and
 - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

Answer:

During the Investigation Period, HHI did not provide any discount, rebate, allowance on its export sales to Australia.

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

Answer:

During the Investigation Period, HHI did not issue any credit notes to the customers in Australia.

PUBLIC RECORD

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

Answer:

HHI exported the goods under consideration to Australia under [REDACTED] terms of sales.
[Confidential sales terms]

B-9 For two contracts where the goods were also shipped to Australia during the investigation period, please provide a complete set of all documentation related to the export sale. For example:

- the contract between your company and your Australian customer;
- the commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Answer:

Please see Exhibit B-2 for two sample sets of sales documentation.

- Letter of Acceptance issued by the customer in Australia

[REDACTED]

[REDACTED]

[REDACTED]

PUBLIC RECORD

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Contractual, invoicing and delivery details]



SECTION C EXPORTED GOODS & LIKE GOODS

The goods are of a complex nature and are customised to a degree in which no two transformers are identical and they all include a large number of variables, for example: number of phases; type of tap changer and percentage regulation; low line voltage; power efficiency (ie, load/no-load loss); cooling class designation.

In our view, it would be totally unrealistic and inimical to both the Anti-Dumping Agreement and Australian law to compare domestic market sales with export sales to Australia.

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

Answer:

Please see the attached Exhibit C-1 which consist of two documents outlining the technical specifications [REDACTED]. [Specification details]

- C-2** List each unique unit of goods exported to Australia (these types should cover all types listed in spreadsheet "Australian sales" – see section B of this questionnaire).

EXPORT TYPE	Mega volt amperes (MVA)	Kilo volts (kV)
Product code of each unique unit of the goods exported to Australia		

Answer:

Please see the attachment B-4 Australian Sales

- C-3** List each unique unit of power transformer sold on the domestic market during the investigation period.

DOMESTIC TYPE	Mega volt amperes (MVA)	Kilo volts (kV)

Product code of each unique unit of the goods sold domestically		
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Answer:

Please see the attachment D-4 Domestic Sales

C-4 Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Answer:

Two sample test reports for domestic sales are provided in the attached Exhibit C-2.



**SECTION D
DOMESTIC SALES**

D-1 Provide:

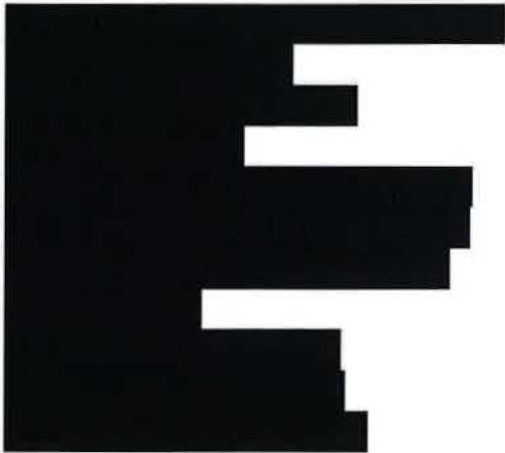
- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

Answer:

In the domestic market, HHI sells to two categories of customers: (1) Public Utility customers and (2) Engineering, Procurement and Construction (EPC) contractors. HHI's domestic sales of the transformers were made through direct shipments from its factory to affiliated and unaffiliated customers.

HHI's selling functions/activities performed in the domestic market are as follows:



[Detailed selling functions]

HHI performs all selling and distribution activities to domestic customer. HHI does not have any agency or distributor agreements or other contracts entered into in relation to the domestic sales.

During the Investigation Period, HHI sold the goods under consideration to both unaffiliated and affiliated customers. Please see the Exhibit D-1 for the list of associated customers.

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Answer:

The prices HHI charges for the goods under consideration in domestic market do not vary because of the category of customer. Rather, HHI's prices are based on a transaction-specific evaluation of the specifications in the bid documents received from the purchaser.

However, HHI's selling functions/activities vary according to the category of customer, and the differences in functions by category of customer are as follows:

[Redacted]

[Redacted]

[Redacted]

[Selling function differences]

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

Answer:

The sales process typically proceeds as described below. [Redacted]

[Sales process details]

- Request for a Quote

The sales process begins when a purchaser issues a request for a quote and HHI decides to submit a bid. [Redacted]

[Quotation details]

- Bidding

HHI prepares the bid documents and evaluates the cost of the project in order to formulate a bid. HHI submits the bid to the customer. There may be negotiations after HHI has submitted the bid.

- Purchase Order/Contract

If HHI is the winning bidder, the purchaser sends an acknowledgment such as purchase contract.

- Kick-Off Meeting

Some purchasers request a kick-off meeting to discuss timelines and areas of concern. Whether or not there is a formal meeting, HHI discusses and agrees to a timeline and test plan with the customer.

- Design Begins

Once HHI learns that it has won a bid, it assigns a design team and [REDACTED]

[REDACTED]. At this stage, HHI may [REDACTED]

[REDACTED]. [Design process details]

- Drawing Submission/Design Review

HHI provides detailed drawings of the Transformer to the customer for approval.

- Customer Approval/Modification

The customer may approve the drawings "as is" or ask HHI to modify them. In general, the customer will request modifications to the drawings when HHI did not provide a drawing that conformed to the specifications in the request for quote. There may be occasions [REDACTED]

[REDACTED]. [Approval/modification process details]

- Manufacturing Begins

Production of the Transformer normally begins once the customer approves the drawings.

- Manufacturing Inspection

The customer can visit the manufacturing facility to inspect and monitor the assembly process.

- Testing/Customer Inspection

PUBLIC RECORD

27

After manufacturing is completed, the finished and assembled Transformer is tested at the factory. The customer may visit the factory to witness the tests.

- Approval for Release/Shipment

Once testing is completed, the customer approves the Transformer for release. The Transformer is then disassembled, packed, and shipped.

- Installation/Supervision Service:

The disassembled Transformer is reassembled at the customer's site. [REDACTED]

[REDACTED] [Installation details]

- Invoicing

In Korea, commercial invoices are not issued. Rather, tax invoices in standard, government-specified formats are issued. Tax invoices will be issued per the terms of the purchase orders [REDACTED]

[REDACTED] [Tax invoice details]

- Payment

The Customer makes the payment pursuant to terms in the contract after it receives the tax invoice from HHI. [REDACTED]

[REDACTED] [Payment details]

HHI does not maintain any price list for domestic sales. Rather, HHI's prices are based on a transaction-specific evaluation of the specifications in the bid documents received from the purchaser.

D-4 Prepare a spreadsheet named "**domestic sales**" listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Answer:

Please see Attachment A Domestic Sales.

D-5 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-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

Answer:

Columns added or revised



[Additional domestic price details]

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

Answer:

During the investigation period, HHI did not provide any type of commission, discount, rebate, or allowance to domestic customers.

D-7 Select two domestic sales that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, the tender bid, the contract of sale, commercial invoice, discounts or rebates applicable, credit/debit notes, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

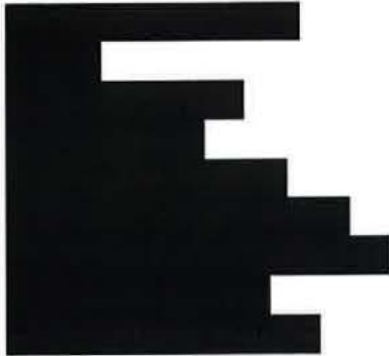
Answer:

Please see Exhibit D-2-for two samples of sales documentation.

(1) Public Utility Sales



(2) EPC Sales



[Sales Details]

SECTION G COSTING INFORMATION AND CONSTRUCTED VALUE

G-1. Production process and capacity

1. Describe the production process for the goods. 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:

Please see Exhibit G-1 for a flow chart of the production process, which provides a description of each stage in the production process and describes the main types of machinery used during each production stage.

In the production facilities for manufacturing the goods under consideration, HHI manufactures all types of transformers. There are no industry standards for production time as each transformer is custom manufactured to particular delivery schedules, which HHI takes into account in arranging its production schedules. Production time for a particular transformer can be as short as several weeks for a small, uncomplicated transformer to several months for larger transformers.

No by-products are generated during the production of subject goods. [REDACTED]

[REDACTED] [Production details]

G-2. Provide information about your company's total production in the following table:

Provide this information on a spreadsheet named "Production".

Answer:

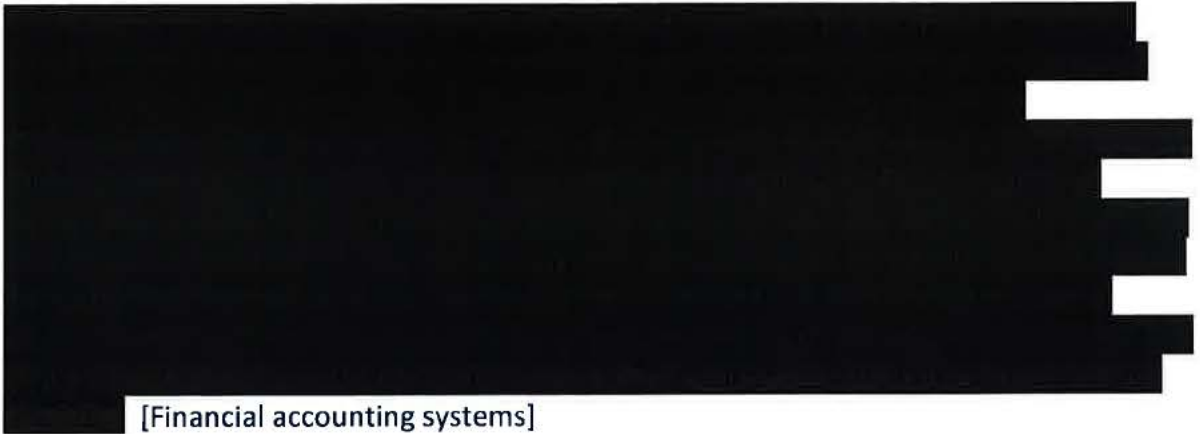
Please see Attachment A – Production.

G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

Answer:

Please see Exhibit G-2 for a flowchart illustrating HHI's financial accounting books and record keeping system. The flowchart demonstrates how information from the accounting system is aggregated in the trial balance and general ledger which in turn form the basis for HHI's balance sheet and income statement.



[Financial accounting systems]

- 2 Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

Answer:

Direct Materials:



[Redacted] [Project cost details]

Direct Labor:

[Redacted] [Project cost details]

Indirect Material Costs, Variable Overhead Costs, and Fixed Overhead Costs

[Redacted]

[Redacted] [Project cost details]

- 3 Provide details of any significant or unusual cost variances that occurred during the investigation period.

Answer:

There are no significant or unusual cost variances that occurred during the investigation period.

- 4 Describe the profit/cost centres in your company's cost accounting system.

Answer:

HHI has provided list of cost centres in the company's cost accounting system in Exhibit G-4.

- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Answer:

There are direct or indirect (or common) cost centres in HHI's cost system. The former is directly related to a specific product and recorded in the product's cost record, and the latter is related to multiple products and allocated to relevant individual products by direct cost (e.g., raw material costs and direct labours) monthly.

PUBLIC RECORD

33

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

The estimated useful lives of the Company's assets are as follows:

<u>Useful lives (years)</u>	
Buildings	20 ~ 40
Structures	20 ~ 40
Machinery	5 ~ 15
Ships	15, 25
Vehicles	5 ~ 10
Tools, furniture and fixtures	3 ~ 20

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

Answer:

PUBLIC RECORD

34

As explained above in the answer to the question G-3.2, HHI's cost accounting system maintains [REDACTED] for transformers. Please refer to the answer for further explanation.[Production cost basis]

- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

Answer:

Calculation method for the cost of goods under consideration was explained in detail in the answer to the question G-3.2. Please refer to the answer for further explanation.

- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Answer:

During the investigation period, there were no plant start-ups, plant closures, shut-downs or restructurings.

- 9 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:

Nil

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.¹

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each unique unit of the goods invoiced during the investigation period.

Answer:

Please see Attachment A – Domestic CTMS

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

¹ The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

PUBLIC RECORD

35

Answer:

HHI has reported the source of cost information and methods used to allocate cost to the goods in Exhibit G-5.

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

Prepare this information in a spreadsheet named "**Australian CTMS**".

Answer:

Please see Attachment A – Australian CTMS

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

Answer:

Transformers are not a standardized item but a customized one, which has different costs between products. Even if there were identical products, cost differences would arise from different inventory prices of raw materials, different labour cost, etc. according to the month when the production was being made.

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Answer:

Please refer to the answer to the question G-5.2.

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Answer:

HHI has used number of units in calculating the unit cost to make and sell, which is the normal unit of measurement in the transformer industry.

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;

PUBLIC RECORD

37

- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Answer:

HHI has provided list of major raw material, which individually account for 10% or more of the total production cost, in Exhibit G-6.

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

**SECTION H
EXPORTER'S DECLARATION**

I hereby declare that HYUNDAI HEAVY INDUSTRIES CO., LTD. (company) did, during the period of investigation export the goods under consideration and have 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.

I hereby declare that.....(company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name : GREGORY NORTHRUP

Signature : 

Position in Company : IN-HOUSE COUNSEL

Date : 2/10/2013

SECTION I CHECKLIST

Section	Please tick if you have responded to all questions
Section A – general information	✓
Section B – export price	✓
Section C – like goods	✓
Section D – domestic price	✓
Section E – fair comparison	<input type="checkbox"/>
Section F – exports to third countries	<input type="checkbox"/>
Section G – costing information	✓
Section H – declaration	✓

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	✓
TURNOVER – sales summary	✓
AUSTRALIAN SALES – list of sales to Australia	✓
DOMESTIC SALES – list of all domestic sales of like goods	✓
THIRD COUNTRY – third country sales	✓
PRODUCTION – production figures	✓
DOMESTIC COSTS – costs of goods sold domestically	✓
AUSTRALIAN COSTS – costs of goods sold to Australia	✓

Exhibits	Provided by USB at meeting of 2 October 2013 with the ADC
Exhibit A-1 - HHI & HDCP Shareholders	✓
Exhibit A-2 – List of Group Companies of Chung Family	✓
Exhibit A-3 - HHI Organizational Chart	✓
Exhibit A-4 - EE DIV Organizational Chart	✓
Exhibit A-5 - HDCP Organizational Chart	✓
Exhibit A-6.1 – HHI 2012 Annual Report	✓
Exhibit A-6.2 – HHI Brochure - Part 1	✓
Exhibit A-6.3 – HHI Brochure - Part 2	✓
Exhibit A-6.4 - HHI Electro Electric Brochure	✓
Exhibit A-6.5 - HHI Transformer Brochure	✓
Exhibit A-6.6 - HDCP Brochure	✓
Exhibit A-7 - HHI Chart of Account	✓
Exhibit A-8 - 2012 HHI Non-consolidated Financial Statements (ENG)	✓
Exhibit A-9 - 2012 HHI Non-consolidated Financial Statements (KOR)	✓

Exhibit A-10 - 2012 HHI Consolidated Financial Statements (ENG)	✓
Exhibit A-11 - 2012 HHI Consolidated Financial Statements (KOR)	✓
Exhibit A-12 - 2013 HHI 1st half Non-consolidated Financial Statements (KOR)	✓
Exhibit A-13 - HHI Income Statements	✓
Exhibit A-14 - EE DIV Income Statements	✓
Exhibit A-15 - 2012 HDPC Non-consolidated Financial Statements (ENG)	✓
Exhibit A-16 - 2012 HDPC Non-consolidated Financial Statements (KOR)	✓
Exhibit B-1 - Selling functions Chart Section B	✓
Exhibit B-2 - Sample Sales Documents	✓
Exhibit C-1 - Panel Contract Specification	✓
Exhibit C-2 - Sample Test Report	✓
Exhibit D-1 - Affiliated Customers in Domestic Market	✓
Exhibit D-2 - Sales Documentation	✓
Exhibit G-1 - Production Process	✓
Exhibit G-2 - Financial Accounting System	✓
Exhibit G-3 - Cost Accounting Flowchart	✓
Exhibit G-4 - List of Cost Centers	✓
Exhibit G-5 - Calculation of costs	✓
Exhibit G-6 - Major Raw Materials	✓