



**Australian Government**  
**Anti-Dumping Commission**

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### Exporter Questionnaire

**Product: POWER TRANSFORMERS**

**From:** China, Indonesia, Korea, Taiwan, Thailand and Vietnam

**Period of Investigation:** 1 July 2010 – 30 June 2013

**Response due by:** 23 September 2013

**Investigation case manager:** Chris Vincent

**Phone:** +61 2 6275 6729

**Fax:** 1300 882 506

**E-mail:** [Operations1@adcommission.gov.au](mailto:Operations1@adcommission.gov.au)

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

**Return completed questionnaire to:**

Anti-Dumping Commission  
Customs House  
5 Constitution Avenue  
Canberra ACT 2600

Attention: Director Operations 1

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**SECTION A  
COMPANY STRUCTURE AND OPERATIONS**

This section requests information relating to company details and financial reports.

**A-1 Identity and communication**

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

*Head Office: Shihlin Electric & Engineering Corp.*

Name: Paul Hsu(Hsu Hsia Yi)  
Position in the company: Vice President of International Business Division  
Address: 12F, No. 88, Sec. 6, Chung-Shan N. Rd., Taipei, Taiwan 111, R.O.C  
Telephone: 886-2-2832-1556  
Facsimile number: 886-2-2832-1003  
E-mail address of contact person: paul@seec.com.tw

*Factory: Joseph Kuo( Kao, Yue- Hse)*

Address: 23, Chung-Hwa Rd., Huko Hsiang, Hsinch, Taiwan 303, R.O.C  
Telephone: 886-3-598-121 ext.205  
Facsimile number: 886-3-598-1480  
E-mail address of contact person: yuehse@seec.com.tw

**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:

Name: Andrew Percival  
Address: Governor Tower 1 Farrer Place SYDNEY NSW 2000 GPO Box 9925  
Sydney NSW 2001  
Telephone: (02) 9210 6228  
Facsimile/Telex number: (02) 9210 6611  
E-mail address of contact person: [andrew.percival@corrs.com.au](mailto:andrew.percival@corrs.com.au)

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.*

**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.

Ans:

The legal name of our business is Shihlin Electric & Engineering Corporation (SEEC). Our type of entity is company limited by shares. There is no other business name that we use to export and/or sell goods.

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).

Ans:

Please see the principal shareholders as follows:

Principal Shareholder	Shareholding Percentages

Please note that the shareholding percentages are calculated as of July 31, 2013.

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

Ans:

Not applicable. Our company is not a subsidiary of any other companies. SEEC is a listed company on the Taiwan Securities Exchange.

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

Ans:

Not applicable. Our company is not a subsidiary of any other companies.

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

Ans:

Please see Exhibit A-3.5 for the associated company diagram.

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

Ans:

Not applicable. Our company is not a subsidiary of any other companies.

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

Ans:

We are the manufacturer with advanced technology in heavy electrical systems, electrical equipment, machinery and automation. Our main products are automobile equipment products, heavy electric products, breaker & switchgear products, factory automation control products, industrial equipment products, and digital products (agency sales).

- 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

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- export to countries other than Australia.

Ans:

Our business performs all the above functions in relation to the goods under consideration.

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

Ans:

Please see Exhibit A-3.9 for the internal organisation chart.

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

Ans: Please see Exhibit A-3.10 for the company's brochure.

#### A-4 General accounting/administration information

1. Indicate your accounting period.

Ans: Our accounting period is: January 1 ~ December 31.

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

Ans: The financial records are stored in the following two places.

Taipei Headquarter:  
12F., No.90, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City 111,  
Taiwan (R.O.C.)

Hsinchu Office:  
No.23, Zhonghua Rd., Hukou Township, Hsinchu County 303, Taiwan (R.O.C.)

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.

Ans:

Reported as instructed. Please see:

SEEC-Exhibit A-4.3-1 Chart of Accounts  
SEEC-Exhibit A-4.3-2 Audited Financial Reports as of 2011 1st Half(Consolidated)

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SEEC-Exhibit A-4.3-3 Audited Financial Reports as of 2011 1st Half(Unconsolidated)  
 SEEC-Exhibit A-4.3-4 Audited Financial Reports as of 2011(Consolidated)  
 SEEC-Exhibit A-4.3-5 Audited Financial Reports as of 2011(Unconsolidated)  
 SEEC-Exhibit A-4.3-6 Audited Financial Reports as of 2012(Consolidated)  
 SEEC-Exhibit A-4.3-7 Audited Financial Reports as of 2012(Unconsolidated)  
 SEEC-Exhibit A-4.3-8 Audited Financial Reports as of 2013 1st Half(Consolidated)  
 SEEC-Exhibit A-4.3-9 Reviewed Financial Reports as of 2013 1st Half (Unconsolidated)  
 SEEC-Exhibit A-4.3-10 Internal Financial Statement

Please note that Taiwan's securities authority started to adopt IFRS in 2013, the public listed company is not required to issue quarterly or half-year audited stand-alone financial reports.

Furthermore, we also submit SeA's financial reports as below:

SEEC-ExhibitA-4.3-11 Audited Financial Report as of 2010(Australia)  
 SEEC-ExhibitA-4.3-12 Audited Financial Report as of 2011(Australia)  
 SEEC-ExhibitA-4.3-13 Audited Financial Report as of 2012(Australia)

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.

Ans: Not applicable Our financial statements are audited and submitted as above.

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

Ans: No, our accounting practices do not differ in any way from the generally accepted accounting principles (GAAP) in Taiwan.

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);

Ans:

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

- 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);

Ans:

Direct costs will be attributed to the individual product. Indirect costs will be allocated to the products on the basis of labor hours or other reasonable allocation methods.

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

Ans:

Damaged or sub-standard goods which are recycled will be reproduced into products. Those unrecycled goods will be discarded on 0 value. .

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

Ans:

Scrap, by products or joint products are valued on their selling prices, which are determined by public tender or recovery plant quotation.

- valuation and revaluation methods for fixed assets;

Ans:

Properties and properties for lease are stated at cost or cost plus revaluation increment, less accumulated depreciation and accumulated impairment losses. Major renewals and betterments are capitalized, while maintenance and repairs are expensed currently. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a future period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized.

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

Ans:

The depreciation of useful life following as below:

Description	Useful life(year)
Building and ancillary equipment	3-60
Machinery equipment	3-15
Other equipment	2-15

When an asset has reached its original estimated service life but still in use, its carrying amount is further depreciated over the new estimated service life.

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

Ans:

Foreign-currency transactions other than derivative financial instruments are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from settlement of foreign-currency assets and liabilities at rates different from those at which these assets and liabilities are carried in the accounts are recognized in profit or loss in the period of settlement.

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

Ans:

At year-end, foreign-currency monetary assets and liabilities are restated using prevailing exchange rates and the resulting differences are recognized in profit or loss.

- inclusion of general expenses and/or interest;

Ans:

The actual expenses will be allocated to each business unit based on the budget proportion.

- provisions for bad or doubtful debts;

Ans:

Allowance for doubtful accounts is provided on the basis of a review of the accounts receivable to determine whether they are recoverable. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account.

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

Ans:

Not applicable. During the POI, there were no equipment or plant shut-downs.

- costs of plant closure;

Ans:

Not applicable. During the POI, there was no plant closure.

- restructuring costs;

Ans:

Not applicable. During the POI, there was no restructuring.

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

Ans:

Scrap is generally sold out and the value of sales is recognized as deduction of cost of good sold.

- effects of inflation on financial statement information.

Ans:

Not applicable. There was no significant inflation during POI.

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.

Ans:

Please refer to page 9 to 11 of our 2013 consolidated financial reports.

#### **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**".

Ans:

Reported as instructed. Please refer to SEEC-Exhibit A-5 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:

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Prepare this information in a spreadsheet named "TURNOVER".

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Ans:

Reported as instructed. Please refer to SEEC-Exhibit A-6 TURNOVER. .

*This information will be used to verify the cost allocations to the goods under consideration in Section G.*

*Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.*



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

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.*

*You should provide details of **all** goods under consideration (the goods):*

- *invoiced during the investigation period; and*
- *subject to tenders that were won during the investigation period, even in circumstances where the goods were not invoiced or **shipped** to Australia during the investigation period. In this circumstance, please provide details of any expenses already incurred with respect to the goods shipped outside of the investigation period,*

*For tender sales, the Commission considers the contract date will normally be taken to be the date of sale. To ensure that the Commission can make a proper assessment of date of sale, we request the contract date, invoice date and delivery date. If you consider that a date other than the contract date is the appropriate date of sale, please provide a response outlining your reasons for this.*

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

Ans:

Please see the list of customers below.

<b>Company Name:</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Address</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Contact Name</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Phone Number</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Trade Level</b>	End User	End User	End User	End User	End User

**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.

Ans:

The product is manufactured in SEEC plant in Hsinchu, Taiwan. Once the product is manufactured and tested, it is ready to be dispatched. The product will then be packed and sent to Kaohsiung Port and subsequently delivered to Australia by ocean vessel.

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Australian customs brokering company ( [REDACTED] ) will then be engaged to handle custom clearance. It will then notify Australian logistic company ( [REDACTED] ) when the goods are ready to be picked up. After collecting the transformers and parts at the port, [REDACTED] will bring them to designated site, which is previously agreed in the contact.

Please refer to SEEC-Exhibit B-2(a) Australia Sales Diagram.

- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Ans:

[REDACTED]

Please refer to SEEC-Exhibit B-2(a) Australia Sales Diagram.

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

Ans:

The delivery term between [REDACTED] is [REDACTED] for all of our projects. The goods are still under the custody of SEEC until they arrive at Australia.

SeA retains ownership until completion of the pre-commissioning tests. The tests are the last step in the contract performance. After the tests have been completed, ownership is transferred to the customer.

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

Ans:

Not applicable. SEEC does not have any of the above mentioned contracts or agreements.

- (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.

Ans

[REDACTED]

Each tender will be evaluated individually. Mostly the customers specify their selection criteria in the tender documents including technical requirement, delivery term..., etc. During the tender evaluation

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process, the customers then based on their best available option and issued the purchase order to the winner.

Once the tender is awarded to [REDACTED] SEEC will then start to purchase materials and commence the production process.

After the product is done, it will be delivered to the customer. Delivery process is stated in question B-2-(a) above [REDACTED]

Same as technical data, commercial information is also included in the contract. [REDACTED]

In general, after the last instalment o payment is made by the customer, SeA will remit the amount of payment to SEEC. .

Relevant information regarding tender winning bids is attached. Please see SEEC-Exhibit B-9.1 and -9.2.

- (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).

Ans:

Not applicable. SEEC/SeA is not related to any of its Australian customers

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

Ans:

Details of the forward orders please see SEEC-Exhibit B-2(g) List of Forward Order List.

- 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.

Ans:

Not applicable. [REDACTED]

- 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.

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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.

You must provide this list in electronic format. Include the following export related information:

Ans:

Reported as instructed. Please refer to SEEC-Exhibit B-4.


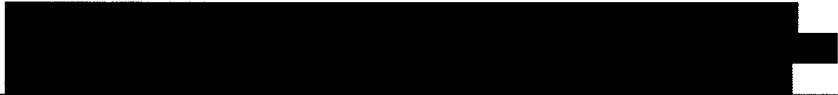

As described in B-2 above, [REDACTED]

We also create certain columns in Exhibit B-4 to reflect the [REDACTED].

We also report the forward orders and estimate relevant expenses as instructed.

Please see our explanation of certain columns in the below table.

Column heading	Explanation
Customer name	names of your customers  Reported as instructed.
Job Site	This column is added.  Job site is generally used as the code to identify specific project. We add name and the contract number here.
Level of trade	the level of trade of your customers in Australia  All the customers are end-users.
Model/product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.  We report the product code used in production and cost accounting. This code is not used in sales documents. Please see Exhibit B-4.1 for the definition of coding.
Power rating (MVA)	Where more than one unit of the goods is shipped and the power rating differs between units, please list these units separately.  Reported as instructed.
Voltage ratio (KV)	Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.  Reported as instructed.
Contract number	Show order confirmation, contract or purchase order number  In this column, we reported the number of contract issued by the Australian customers to SeA.
Contract date	Date contract was agreed with Australian customer – ensure all contracts entered in to during the investigation period are included, regardless of whether the goods were invoiced or delivered to your Australian customers outside of the investigation period  Reported as instructed. We reported all the contracts whose dates fall within the POI. We reported the date of contract signed between the

<p>Invoice number</p>	<p>Australian customers and SeA.                  invoice number</p> <p>We reported the number of Tax Invoice issued by SeA to the Australian customers.</p> 
<p>Invoice date</p>	<p>Invoice date - ensure details of all invoiced goods during the investigation period are included, regardless of whether the contract was agreed or the goods were shipped outside of the investigation period.</p> <p>As mentioned in the previous column, we reported dates of all the invoices issued during the project.</p>
<p>Delivery date</p>	<p>if the delivery date differs from the invoice date please specify. If delivery has not occurred, include the scheduled delivery date set out in the contract for sale.</p> <p>Reported as instructed. We reported the date that the product is released from SEEC's plant in Taiwan.</p>
<p>Shipping terms</p>	<p>Delivery terms eg. CIF, C&amp;F, FOB, DDP (in accordance with Incoterms)</p> 
<p>Payment terms</p>	<p>agreed payment terms eg. 60 days=60 etc</p> <p>As our response to B-2 above. SeA issued invoices in several stages of a project. The customer should pay within 30 days of issuance of the invoice.</p>
<p>Quantity</p>	<p>Quantity in units shown on the invoice.</p> <p>We reported the number of set of power transformers here.</p>
<p>Gross invoice value – SeA</p>	<p>Gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i></p> <p>We reported the total value of the contract, rather than each invoice's amount here. The currency is Australian Dollar.</p>
<p>Variation revenue – SeA</p>	<p>This column is added.</p> <p>During performing the project, the customer may pay to SeA in addition to the contractual amount.</p> 
<p>Discounts – SeA</p>	<p>if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.</p> <p>Not applicable. There are no discounts.</p>
<p>Other charges – SeA</p>	<p>any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.</p>

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	Not applicable. There are no other charges.
Net invoice value(AUD)	We added this column.  This column is the sum of columns "Gross invoice value" and "Variation revenue". i.e., the total revenue that [REDACTED] received in the project. The currency is [REDACTED].
Invoice currency	the currency used on the invoice.  The currency is [REDACTED].
Exchange rate 1 (Date of Sale)	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system  This exchange rate is the one used to convert the amount that SEEC charged to [REDACTED] from [REDACTED] to [REDACTED] ([REDACTED]).  It is the exchange rate published by Taiwan Customs for every ten days. SEEC took the exchange rate as of the date when the product cleared the customs. Exhibit B-4.2 Exchange Rate List.
Exchange rate 2 (Contract Day)	In this column we reported [REDACTED] exchange rate, based on Exhibit B-4.2 data, as of contract date.  It is around 6 – 8 months between contract execution and product release. Thus, the exchange rate used by SEEC to convert its [REDACTED] revenue may not properly reflect the transaction's [REDACTED]. We propose to use the exchange rate as of contract [REDACTED].
Net invoice value(NTD)-SeA	In this column, we convert the "Net invoice value([REDACTED])" into [REDACTED] value with the rate reported in "Exchange rate".
Order Number - SEEC	We added this column.  In this column, We reported the SEEC's internal order number of the transaction.
Invoices number- SEEC to SeA	We added this column.  In this column, We reported the number of invoices that SEEC issued to [REDACTED] to collect payment.
Invoice value- SEEC to SeA (AUD)	We added this column.  In this column, We reported the amount that [REDACTED] paid to SEEC. The currency is [REDACTED].
Invoice value- SEEC to SeA (NTD)	We added this column.  In this column, We reported the amount that [REDACTED] paid to SEEC. The currency is [REDACTED].
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed. If the goods are not yet shipped, provide an estimate of ocean freight.  Reported as instructed. It is the freight that SEEC paid to the international carrier.
Marine insurance	Amount of marine insurance. If the goods are not yet shipped, provide an estimate of marine insurance.  Reported as instructed. It is the fee that SEEC paid to the insurer.
FOB export	the free on board price at the port of shipment.

price**	We reported the [REDACTED] price that SEEC declared before Australian Customs when it was clearing customs. At that time point, the ocean freight and insurance fees are estimated by customs broker. Therefore, the [REDACTED] price reported here may be slightly different from the difference between actual [REDACTED] price, ocean freight and insurance fee.
Packing*	Packing expenses  Reported as instructed. Please note that packing expenses are included in the product's CTMS.
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export. If the goods are not yet shipped, provide an estimate of inland freight.  Reported as instructed. Please note that inland transportation costs are included in the product's CTMS. That is because the product concerned is of large size and unique shape. Thus transportation of each machine needs special plan.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.  The handling and loading expenses are included in the inland transportation costs.
Duty (AUD)	We added this column.  In this column, we reported the expenses that [REDACTED] paid to Australian Customs for import duty.
Logistic	We added this column.  In this column, we reported the expenses that [REDACTED] paid to Australian local logistic company for clearing import customs and delivering the product to the job site.
Installation	We added this column.  In this column, we reported the expenses that [REDACTED] installed power transformers in the job site.
Oil and Vacuum	We added this column.  In this column, we reported the expenses that [REDACTED] paid for purchasing oil and vacuum the product in Australia.
Oil	We added this column.  In this column, we reported the expenses that [REDACTED] paid for filling the oil into the product.
Testing	We added this column.  In this column, we reported the expenses that [REDACTED] paid for hiring technical persons to conduct pre-commissioning test in job site.
Variation	We added this column.  [REDACTED]
Reimbursement	We added this column.

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	<p>In certain cases, the actual expenses are far more than estimate (such as additional installation fee due to job site condition). In such cases, [REDACTED] would request SEEC to reimburse such expenses.</p> <p>[REDACTED] would record such reimbursement as negative item of its COGS.</p> <p>SEEC would record such reimbursement as a production cost item in the specific order.</p> <p>In this column, we reported the reimbursement in negative figure to offset other selling expenses.</p>
Others	<p>We added this column.</p> <p>In this column, we reported the expenses that [REDACTED] paid for miscellaneous expenses.</p>

\*\* FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

\* All of these costs are further explained in section E-1.

- 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.

Ans:

Reported as instructed. Please refer to Exhibit B-4

- 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.

Ans:

No discount or rebate for all the projects with Australia customers.



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- 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.

Ans:

No credit notes on all the projects with Australia customers.

- 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)

Ans:

Reported as instructed. Please refer to Exhibit B-4. Please note that import duties are covered by the inland transport expenses that █████ paid to Australian logistic company.

- 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.

Ans:

Reported as instructed. Please refer to SEEC-Exhibit B-9.1 Australia Sales Documents (102622- Richmond)

SEEC-Exhibit B-9.2 Australia Sales Documents (103308-BPS

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**SECTION C**  
**EXPORTED GOODS & LIKE GOODS**

- 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.

Ans:

[REDACTED]

[REDACTED]

[Confidential information regarding the power transformers exported to Australia regarding the range of MVA and voltage.]

We attached two specifications of the product sold to Australia as examples. Please refer to SEEC-Exhibit C-1.

- 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).

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

Ans:

Reported as instructed. Please refer to SEEC-Exhibit C-2.

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

<b>DOMESTIC TYPE</b>	<b>Mega volt amperes (MVA)</b>	<b>Kilo volts (kV)</b>
Product code of each unique unit of the goods sold domestically		

Ans:

Reported as instructed. Please refer to SEEC-Exhibit C-3.

**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.

Ans:

In Taiwan the product concerned sold by SEEC is the large power transformer with frequency ■ Hz, power rating ranging from ■ MVA to ■ MVA, and Voltage rating ranging from ■ kv to ■ kv.

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**SECTION D  
DOMESTIC SALES**

*This section seeks information about the sales arrangements and prices in the domestic market of the country of export.*

*The Commission's preliminary view of normal value:*

*The Commission considers that it may not be appropriate to determine normal values in accordance with section 269TAC(1) of the Act, using your domestic sales as adjusted for proper comparison with export sales, as the goods under consideration are capital goods that are manufactured to order.*

*The Commission seeks information on your domestic sales for the purpose of determining profit so that a normal value can be properly constructed pursuant to section 269TAC (2)(c), using your cost to make and sell plus amounts for selling, general and administrative expenses and profit. If you consider that this is appropriate, **you do not need to complete Section E (fair comparison) of this questionnaire.***

*If you consider that it is appropriate for the Commission to determine normal values pursuant to section 269TAC (1) of the Act, **please ensure you complete Section D, Section E and Section F of this questionnaire.***

*Information requested in relation to domestic sales:*

*In Section B, the Commission requests information in relation to your export sales to Australia. The Commission requested the following:*

- *details of all invoiced sales made during the investigation period; and*
- *details of all tenders won during the investigation, regardless of whether the goods were invoiced and delivered outside of the investigation period. In these circumstances, the Commission requested that you provide an estimate of when the goods will be delivered to your Australian customers.*

*In relation to domestic sales, the Commission requests that you provide details of ALL of your invoiced sales during the investigation period. You **do not need** to provide details of tenders that were won during the investigation period but invoiced outside of the investigation period.*

*If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

*If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.*

SEEC does not submit that the domestic sold power transformers are comparable with Australian product. Thus, SEEC did not submit response to Section E.

With regards to the domestic sales list, after consulting with ADC, SEEC reported the sales based on the following methods:

[REDACTED]

D-1 Provide:

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- 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.

Ans:

In Taiwan domestic market, SEEC sells the products directly to the customers. There are no distributors or agencies.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Confidential information regarding the Taiwanese power transformer market.]

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**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.

Ans:

[REDACTED]

[REDACTED]

[REDACTED]

[Confidential information regarding different pricing according to different distribution channels in Taiwan.]

**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.

Ans:

1. If SEEC wins the contract, the customer will forward SEEC a contract or P/O.
2. On the contract or P/O, it will mention the delivery date.
3. Before the delivery, SEEC would invite the customers to go to our factory for factory acceptance test.
4. Once the testing has been done and confirmed by the customers, we will disassembly the TR, do the packing and arrange the inland transportation sending to the TR to the site which customer assign.
5. For each project, it has different milestones. We will issue invoices when each milestone reaches.
6. For the payment, the customers will T/T the payments within [REDACTED] days payment term.

**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.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.  Reported as instructed.
Level of trade	the level of trade of your domestic customer  As our response to D-1 above, we classified the domestic customers as TPC and non-utility customers.
Product code	code used in your records for the model of the goods identified. Explain

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	<p>the product codes in your submission.</p> <p>We report the product code used in production and cost accounting. This code is not used in sales documents. Please see Exhibit B-4.1 for the definition of coding.</p>
Power rating (MVA)	<p>Where more than one unit of the goods is shipped and the power rating differs between units, please list these units separately.</p> <p>Reported as instructed.</p>
Voltage ratio (kV)	<p>Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.</p> <p>Reported as instructed.</p>
Contract number	<p>Show order confirmation, contract or purchase order number</p> <p>Reported as instructed. We reported the SEEC's internal order number.</p>
Contract date	<p>Date contract was agreed with your domestic customer. Do not include information relating to contracts where the goods were invoiced outside of the investigation period.</p> <p>Reported as instructed.</p>
Invoice number	<p>invoice number</p> <p>Reported as instructed. When one transaction has more than one invoices, we listed all the invoices here.</p>
Invoice date	<p>invoice date</p> <p>Reported as instructed. When one transaction has more than one invoices, we listed all the invoices here.</p>
Delivery date	<p>If the delivery date is different to the invoice date please specify</p> <p>Reported as instructed. Delivery date is in general earlier than invoice date because the product needs to pass the customer's test before payment.</p>
Delivery terms	<p>eg ex factory, free on truck, delivered into store</p> <p>Reported as instructed. According to the contract, there are three types of delivery terms:-  "FAT completed" means the contract is completed when factory acceptance testing is done. <ol style="list-style-type: none"> <li>1. Transportation and instalment of the power transformer is done by the customer itself, or</li> <li>2. Transportation and instalment of the power transformer is carried out under a separate contract.</li> </ol> "Delivery to site" means under the contract, SEEC is obligated to deliver the product to the indicated job site. The contract value would thus cover the product's value and inland transportation costs.  "Pre-Commissioning Completes" means SEEC is obligated to install the product in the job site. The contract value would thus cover the product's value, inland transportation costs and instalment costs.</p>
Payment terms	<p>payment terms agreed with the customer eg. 60 days=60 etc</p> <p>Reported as instructed.</p>
Quantity	<p>quantity in units shown on the invoice eg kg.</p> <p>Reported as instructed.</p>

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Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
	Reported as instructed. Here we reported the total sales revenue of the contract.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.  Not applicable. There are no such discounts.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.  Not applicable.
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as recorded in your accounting system  Reported as instructed.
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale  Reported as instructed. We reported the actual rebated amount.
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.  Not applicable.
Packing*	packing expenses  [Confidential information regarding packing costs, which have been reported]
Inland transportation Costs*	amount of inland transportation costs included in the selling price.  If the contract includes packing, transportation, installation, technical services or other activities, the expenses are reported [redacted] in "[redacted]". Please note that all such expenses are also recorded as production costs and reported in Exhibit G-4.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.  Not applicable.
Warranty & Guarantee expenses*	warranty & guarantee expenses  If the contract includes packing, transportation, installation, technical services or other activities, the expenses are reported [redacted] in "[redacted]". Please note that all such expenses are also recorded as production costs and reported in Exhibit G-4.
Installation expenses	Any expense associated with the installation of the goods if included in the contract  If the contract includes packing, transportation, installation, technical services or other activities, the expenses are reported [redacted] in "[redacted]". Please note that all such expenses are also recorded as production costs and reported in Exhibit G-4.
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.  If the contract includes packing, transportation, installation, technical services or other activities, the expenses are reported [redacted] in "[redacted]". Please note that all such expenses are also



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	recorded as production costs and reported in Exhibit G-4.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.  Not applicable.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.  Not applicable.

Costs marked with \* are explained in section E-2.

Ans:

Reported as instructed. Please refer to Exhibit D-4.

**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.

Ans:

Not applicable. All the selling costs are included in D-4.

**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.

Aus:

In a few projects, we would issue the rebate to the customer, because of late delivery. The amount of rebate would be a negotiated amount or be set out in the contract.

**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.

Reported as instructed. Please see Exhibit D-7.1 and D-7.2.

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**SECTION E**  
**FAIR COMPARISON**


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Ans

Because we are of the view that Taiwan domestic sales are not appropriate basis of normal value, we did not respond to Section E.

**As outlined in Section D, please complete Section E only if you would submit that the Commission should determine normal values pursuant to section 269TAC (1).**

*Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).*

*Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.*

*As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.*

*To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.*

*Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.*

*Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.*

*A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.*

*The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.*

**E-1 Costs associated with export sales**

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

**1. Transportation**

Explain how you have quantified the amount of inland transportation associated with the export sale ("Inland transportation costs"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**2. Handling, loading and ancillary expenses**

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

**3. Credit**

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

**4. Packing costs**

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed ‘**Packing**’.

**5. Commissions**

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

**6. Warranties, guarantees, installation and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**”, “**Installation expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

**7. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

**8. Currency conversions**

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In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

**E-2 Costs associated with domestic sales**

(These cost adjustments will relate to your responses made at question D-4, "domestic sales")

*The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.*

**1. Physical characteristics**

This adjustment recognises that differences, such as structure or design, mean that the goods are not identical. The Commission considers that the goods are unlikely to have identical models sold on the domestic market as they are large capital goods that are produced to order.

To support your claim that the Commission should determine normal values pursuant to section 269TAC (1), you will need to identify and quantify the physical or specification differences in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data.

Using the table below, provide a list of the claimed comparable product sold on the domestic market. Describe in detail the specification differences between the comparable products. Also provide your claimed adjustment on the basis of this specification difference, stating the source of your data.

The Commission will seek to verify your claimed specification adjustments during the verification visit.

EXPORTED TYPE	DOMESTIC TYPE	DIFFERENCES	CLAIMED ADJUSTMENT
Product code, power rating and voltage ratio of each model of the goods exported to Australia	Product code, power rating and voltage ratio of comparable model sold on the domestic market of the country of export	Describe the specification differences in detail. If it is impractical to detail specification differences in this table refer to documents which outline differences	The claimed adjustment must be quantifiable and supported by evidence that is available for verification by the Commission

**2. Import charges and indirect taxes**

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

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the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

#### Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *"Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

### **3. Level of trade**

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

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- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

#### 4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system<sup>1</sup>, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable.

(It is a measure of how many times the average receivables balance is converted into cash during the year).

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<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

*The following items are identified in the amounts quantified at question D-4:*

**5. Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("**Inland transportation Costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**6. Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

**7. Packing**

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "**Packing**".

**8. Commissions**

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

**9. Warranties, guarantees, installation expenses and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & Guarantee expenses**", "**Installation expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

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**10. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

**E-3 Duplication**

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.



**SECTION F  
EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)**

Ans

Because we view that the third country sales are not appropriate basis of normal value, we did not respond to Section F.

*As outlined in Section D, the Commission considers that, given the nature of the goods under consideration, it may not be appropriate to determine normal values on the basis of domestic sales (pursuant to section 269TAC(1)), or sales to third countries (pursuant to section 269TAC(2)(d)).*

**Please complete Section F only if you would submit that it is appropriate for the Commission to determine normal values pursuant to section 269TAC(2)(d).**

*Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.*

*Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.*

**F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.**

<b>Column heading</b>	<b>Explanation</b>
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate the number of units sold
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

**F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.**

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**SECTION G****COSTING INFORMATION AND CONSTRUCTED VALUE**

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the goods under consideration (the goods) - ie of the goods exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

**Please provide costs associated to each of the export sales detailed at question B4 and domestic sales details in question D4.**

For export sales, this will include costs associated with tenders that may be invoiced or delivered outside of the investigation period. Where these costs have not yet been incurred, please provide an estimate of these costs such as, for example, the cost you estimated at the time of bidding for the tender.

For domestic sales, you only need to include **actual** costs incurred in relation to goods invoiced during the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

**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.

Ans

Please refer to SEEC-Exhibit G-1 Production Process Flowchart

The only scrap generated from the production process is scarp carbon wire.

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

Ans

Please refer to SEEC-Exhibit G-2 Production Capacity.

**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.

Ans:

Please refer to SEEC-Exhibit G-3.1 Cost Accounting Flowchart.

SEEC adopts job order and standard cost system.

[REDACTED]

[Confidential information regarding SEEC's management accounting system]

- 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.

Ans:  
As our response to the previous question, SECC adopts standard cost system.

In Exhibit G-4 and G-5, the raw material cost is based on the raw material cost recorded in the system, which includes all the post-production costs, if applicable.

The labour and overheads are also based on the system record, which are standard cost. Annual lump sum difference of actual and standard labour and overheads is allocated to all the job orders based on labour hours. They are reported in the column "[REDACTED]" (多少分攤).

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

Ans:  
Not applicable. There is not such variance.

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

Ans:  
Reported as instructed. Please refer to SEEC-Exhibit G-3.4 List of Cost Centre.

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- 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.

Ans:

Reported as instructed. Please refer to SEEC-Exhibit G-3.4 List of Cost Centre.

Production cost is collected for each job order. Labour and overheads are recorded based on labour hours and standard costs. The difference is adjusted into COGS.

Company-level G&A expenses are allocated to each plant and then each product category based on turnover.

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

Ans:

Each power transformer is specified in the production and sales.

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

Ans:

Not applicable. There is not such difference.

- 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.

Ans:

SEEC started to sell the product concerned to Australia in [REDACTED]. Because Australian power transformer industry follows very different industrial standards from Taiwan's [REDACTED], SEEC has incurred a series of "learning-curve" costs in the initial period (lasting even to date). For example, certain parts needed to be replaced due to re-work and the painting need to be re-done.

Power transformer is a highly customized product. Before commencement of production of each power transformer, SEEC and the buyer have extensive meetings to determine design, specification, and technical requirements of the subject product. Customer requirements, industry standards, geographical conditions of job site and many other factors affect design and production of the power transformer.

Accordingly, even though SEEC has had a long experience in producing power transformers, a new market with unfamiliar industrial standards has caused SEEC to incur start-up costs in the same way as it would if it starts with a new production line. Such "start-up" costs should be amortized (as opposed to be expensed as current cost) for constructive normal value purposes. That is, if the same power transformer were produced for the Taiwanese market, those "start-up" costs would not have been incurred. Therefore, we submit that these "start-up" costs should be amortized to a period of [REDACTED] years, according to the service life of power transformer published by Taiwan Tax Authority. See Exhibit G-3.8.1.

A worksheet to specify the start-up cost of each job order has been attached. Please refer to SEEC-Exhibit G-3.8.2 Start-up Cost Worksheet.

- 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.

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Ans:

Though the "start-up" costs specified in Exhibit G-3.8 were treated as normal production costs, those costs would not have happened if the power transformers were manufactured under Taiwan customers' requirements and standards. Thus, in order to construct a fair normal value, those costs should be deducted from the total production costs.

**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.<sup>2</sup>*

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.

Ans:

Please refer to SEEC-Exhibit G-4 Domestic CTMS.

As our response above, there is no model or product type to group various sets of power transformers. Each power transformer is unique and SEEC counted for production cost for each one. Therefore, the CTMS of each power transformer has been reported.

Because it is very difficult to break down production costs of all the products concerned sold domestically into the format of G-4, we followed ADC's instruction to report [REDACTED] domestically sold power transformers which are the most similar to the power transformers exported to Australia. As to the remaining domestic sold product, we simply reported the total production cost.

Selling expenses are classified as "[REDACTED]", "[REDACTED]" and "[REDACTED]" based on the sales unit, and then allocated to each job order based on sales revenue.

G&A, R&D and other income/cost are allocated based on sales revenue.

Please see the worksheet "SG&A Allocation" in Exhibit G-4.

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.

Ans:

Please refer to SEEC-Exhibit G-4 Domestic CTMS. The data are extracted from SEEC's system, which recorded costs of each job order.

As explained earlier above, raw material costs comes directly from the system, which includes all of the post-production stages' costs, such as packing, transportation, installation, or warranty compensation, if such stages are covered by the contract.

Labour and overhead are reported based on standard one. Lump sum yearly difference is allocated based on each job order's labour hours and reported in "[REDACTED]".

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

*Provide this information for each unique unit of the goods invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.*

<sup>2</sup> 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.

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*Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.*

*If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.*

*Please specify unit of currency.*

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

*The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.*

Ans:  
Please refer to SEEC-Exhibit G-5 Australian CTMS.

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

*Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, such as for example, the estimate of the costs that formed the basis of your winning tender bid.*

*Provide this information for each unique unit of the goods contracted for sale or invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.*

*Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.*

*If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.*



*Please specify unit of currency.*

- 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.

Ans:  
As indicated earlier above, SEEC recoded production cost of each power transformer. Each machine has different cost.

The report method is all the same as G-4, except for the following. Attached is a print-out of SEEC's accounting system in relation to one job order. Please see Exhibit G-5.1.

- a.  [Confidential information regarding start-up cost calculation]

- b. Reimbursement: Please refer to our response in B-4 column "Reimbursement". Reimbursement is made by SEEC to  when certain Australian selling costs are more than the amount estimated.  treats the reimbursement as a negative item in its cost to sell. SEEC treated it as a production cost item of the job order. In constructing normal value and making comparison, this should be taken into account so that the export price and normal value in the same level.

- c. SG&A: as instructed we did not report SG&A expenses in G-5.

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However, in constructing a normal value, SEEC's domestic selling expenses should not be added to the cost to make of the power transformers exported to Australia. As our response to B-2 above indicates, all of SEEC's Australian sales were made by [REDACTED], which company prepared tenders and carried out selling and delivery activities in Australia. SEEC simply accepts the purchase order forwarded by [REDACTED] and produces the product. SEEC is not incurring any selling expenses with respect to the power transformers exported to Australia. It is not permissible to deduct [REDACTED] selling expenses in Australia and then add in SEEC's selling expenses that are incurred in its sales in the Taiwanese market in the calculation of a deductive export price if it is proposed to make such a calculation.

- 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.

Ans:

Not applicable. All the costs data are extracted from ERP system.

- 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.

Ans:

Please refer to our response to G-4 and to the point 1 above.

Except that, there is no difference between the cost reported and the one recorded in SEEC's system.

#### 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;
- 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).

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.**

Ans:

Reported as instructed. Please see SEEC-Exhibit G-6 Major Raw Material. None of the raw materials are provided by related companies.



**SECTION H  
EXPORTER'S DECLARATION**



I hereby declare that..Shihlin Electric & Engineering Corporation.(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 : Pual Hsu**  
.....

**Signature :** *Pual Hsu*  
.....

**Position in  
Company: Vice President**  
.....

**Date : 20<sup>th</sup> Sep. 2013**  
.....