

No: 84 -2016/TBTK

Ho Chi Minh City, 01 September 2016

NOTIFICATION

(Regarding: Progress of Anti-dumping Investigation on DTY product at Turkey market)

- To: Shareholders of Century Synthetic Fiber Corporation

On 29 August 2016, Century Synthetic Fiber Corporation (“STK”) was informed that the Turkish Ministry of Economy (“the MOE”) has issued the Final Disclosure Originating in Vietnam and Thailand on DTY (the “Final Disclosure”). This announcement is not the final decision on the anti-dumping duties to be imposed on the companies which involve in the investigation. In order to ensure that all shareholders of Century Synthetic Fiber Corporation (Ticker: STK) understand this case, we would like to update on the progress of anti-dumping investigation on DTY product at Turkey’s market as follows:

On 19 May 2015, STK were informed by the Vietnamese Embassy in Turkey that on 15 May 2015 the MOE has decided to initiate a dumping investigation on polyester textured yarns (HS Code 5402.33) (“DTY”) originated from Vietnam and Thailand. Upon the receipt of this notification, STK seriously coordinated with MOE to satisfy the requirement of the investigation and to protect our legitimate interests.

STK has hired a consulting firm specializing in anti-dumping investigation of Turkey to prepare the data and the answers for the MOE. According to the calculation of the consulting firm, STK’s data showed that the Company was not dumping the price to Turkey’s market since our export price in the investigation period (2012-2014) was higher than the average domestic price by 3.5%. However, in the Final Disclosure, the MOE has determined STK’s dumping margin at a ridiculous level of 34.81%¹. According to the consulting firm, the MOE’s approaches in determining the dumping margin of STK was very unfair, erroneous, non-transparent, and contrary to WTO rules. Therefore, STK is closely co-coordinating with the consulting firm to prepare documents to challenge the MOE’s unreasonable and unfair determination with the following arguments:

- 1) According to the statistics, the Turkish DTY manufacturers have been doing well during the period 2012-2014 as all the main economic indicators of the Turkish manufacturers such as sales volume, sales revenue and net profit had positive trend.
- 2) In the Final Disclosure, MOE did not determine “causal link” between the importing products from Vietnam and the injuries to Turkish manufacturers. This fact prevents us from defending our interests;
- 3) The prices of Vietnamese exporters were 4% higher than Thailand export prices, but Vietnamese dumping margins are critically higher;
- 4) The refusal of Vietnamese fiber companies’ claim for market economy treatment must be better examined since the almost 75-80% of the cost of production of DTY was PET chips which was totally imported from Taiwan or S. Korea. Therefore, at least Vietnamese companies should be partially considered as operating in market economy;

¹ Although this is the lowest dumping margin among the Vietnamese companies which participate in this investigation.

- 5) The cost structure of the Turkish industry cannot represent Vietnamese industry. Instead, Thailand should be used as the surrogate country due to same geographic location, transportation costs etc., if Vietnam is not considered as a market economy;
- 6) The average prices of Vietnam were 4% higher than Thailand and price undercutting of some Vietnamese companies are much lower than Thai companies, while the dumping margins of Vietnamese companies are much higher than Thai companies. These conflicting figures prove that accepting Turkey as the surrogate country results in unreasonable, unfair and unacceptable results.
- 7) The MOE approach to use the production cost of Turkish domestic industry plus 10% profit is not fair since in the export prices of Vietnamese companies, all allowances are deducted but, as far as we understand that in the Final Disclosure it is not clear whether these allowances are also deducted from cost of domestic industry and the comparison is made at the same level of trade.

Not only the business' own effort, but STK also received the supports from Turkish importers and Vietnamese government. Ministry of Industry and Trade ("MOIT"), Vietnam Competition Authority ("VCA"), and Vietnam Cotton & Spinning Association ("VCOSA") confirmed to write the letters of protest to MOE about unfair determination. MOIT and VCA will appoint their leaders and experts to attend the hearings from 7 Sep to 8 Sep 2016 in Ankara in order to protect the legitimate interests of Vietnamese enterprises. If MOE did not adjust the calculation of dumping margins, MOIT may bring the dispute to the WTO. Based on the results of the hearings and supplemental documents submitted by the parties to the MOE, the later is expected to make the final decision on imposing anti-dumping tariffs for Vietnamese DTY product by the middle of October 2016. STK will keep shareholders and investors updated immediately when we receive the MOE's final decision.

Regarding to STK's business activities, the contribution of the Turkish market to the Company's total revenue was as follows:

Fiscal year	2014	2015	1H2016
The Turkish market's contribution in total revenue	44%	38%	27%

Since the initiation of the anti-dumping investigation by the Turkish government, STK has been quickly adjusting its business strategy. The Company has been actively expanding to new markets, such as South Korea and has been focusing on development of new products to reduce the impact of the Turkish market.

If the shareholders or investors have any questions, please contact Department of Investor Relation at below address:

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Sincerely,

To:

- *BOD member, Supervision Committee, Management team*
- *Company's Website, Filling in office*

**CENTURY SYNTHETIC FIBER CORP.
ON BEHALF OF BOD
CHAIRMAN**

DANG TRIEU HOA

