Asia Pacific Equity Research
29 July 2008

JPMorgan

Vietnam Vista

Weekly Market Update (21 - 25/7/2008)

- **Stock market round-up:** Both floors in Vietnam suffered a significant downturn in the past week, mostly attributed to the fuel price increase policy recently released by the government. The **VNINDEX** declined **11.09%** W/W to **429.06.** The trading value fell significantly—**24.1%** W/W to **US$131.2MM**. The Hanoi floor followed suit with the **VHINDEX** tumbling **5.9%** W/W to close at **140.85**. The trading value on the HASTC decreased **4.6%** to **US$63.8MM**. Foreigners remained net buyers on the HOSE and the HASTC with **US$36.4MM** and **US$2.7MM,** respectively.
- **Economy:** According to the latest statement released by the General Statistics Office of Vietnam (GSO), CPI in July was **19.57%** (not factoring in high fuel prices), an increase of **1.13%** from June—the lowest increase since the beginning of 2008. Price indices of food and beverage products, tobacco, garments, footwear, hats and other related services continued to decline strongly versus June. Product groups with the strongest CPI increasing rate (**2%**) were pharmaceuticals and health care**.** GSO estimates that the trade deficit will increase to **US$15.01B** in the first seven months of this year, due to higher import revenues as a result of global fuel price increases. In July alone, the country's import turnover is estimated at **US$7.05B**, while export revenue is at **US$6.25B**.
- **Strategy perspectives:** So far we have seen mixed 2Q08 results, with large MTM write-downs in the financial sector, but not much for non-financial stocks, probably due to less reporting requirements. Hence, we expect more write-downs from the financial sector, and believe that non-financial sector companies with their solid core-business growth and little investment exposure will continue to do well.
- **Corporate developments:** The highlighted company this week is Vinh Son Song Hinh Hydro Power (VSH VM), one of the most efficient listed power companies in Vietnam.

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Vietnam: Market at a glance

	HOSE	HASTC
Index	429.46	140.85
Chg from previous week (%)	(11.09)	(5.90)
T/O (US$MM)	131.2	63.8
Chg from previous week (%)	(24.1)	(4.6)
Market cap (US$B)	11.5	3.9
Number of stocks	154	145
2007 Market P/E	13.8	4.2
Foreign net buy/(sell) (US$MM)	36.4	2.7
Foreign TO as % of market	21.0	4.0
Exchange rate (VND/US$)		16,795
O/N interbank (%)		15.5

Source: VSE, HASTC, Bloomberg.

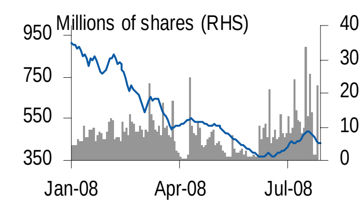
Vietnam

Sriyan Pietersz[AC]
(662) 684 2670
sriyan.pietersz@jpmorgan.com
JPMorgan Securities (Thailand) Limited

Ngoc Minh Tran[AC]
minh.n.tran@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

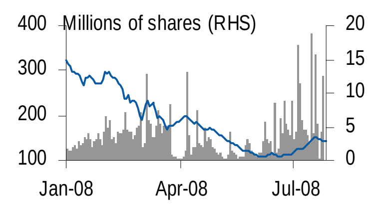
Linh Truc Nguyen[AC]
linh.t.nguyen@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Ho Chi Minh City Stock Exchange: VNINDEX vs. trading volume



Source: Bloomberg.

Hanoi Stock Trading Center: VHINDEX vs. trading volume



Source: Bloomberg.

VND rates (%)

Government bond		VND deposit	
1-year	20.4	O/N	15.5
2-year	20.5	1-week	18.5
3-year	20.5	1-month	20.3
5-year	19.9	2-month	20.3
7-year	17.4	3-month	20.3
10-year	17.9	6-month	20.3

Source: Bloomberg.

www.morganmarkets.com

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Weekly statistics

Ranked sector returns				Top and bottom five stocks (% W/W)			
One week		One month		HOSE		HASTC	
Consumer Discretionary	1.80	Industrials	44.51	BMC VM	2.7	KBC VH	7.7
Industrials	(1.54)	Materials	41.90	TCT VM	1.8	YSC VH	4.3
Telecommunication services	(3.46)	Energy	35.22	TSC VM	1.5	VSP VH	4.2
Information Technology	(5.35)	Information Technology	27.95	NHC VM	(2.5)	TJC VH	2.7
Materials	(6.87)	Utilities	24.54	COM VM	(2.7)	DTC VH	2.6
Financials	(7.09)	Financials	21.85				
Energy	(8.40)	Consumer Discretionary	18.83	HAX VM	(13.6)	QNC VH	(17.5)
Utilities	(8.61)	Telecommunication services	9.97	GMD VM	(13.6)	PSC VH	(17.6)
Health care	(11.8)	Consumer staples	7.73	ANV VM	(13.7)	NVC VH	(17.6)
Consumer staples	(12.1)	Health care	(2.96)	PAC VM	(13.7)	SVC VH	(17.7)
				BMP VM	(13.8)	B82 VH	(18.8)

Source: Bloomberg, VSE, HASTC, JPMorgan.

Top and bottom five most active stocks (shares)			
HOSE		HASTC	
STB VM	2,544,642	ACB VH	1,080,800
DPM VM	2,038,732	PVS VH	936,580
SSI VM	1,552,014	KLS VH	763,080
HPG VM	964,152	PVI VH	505,760
FPT VM	554,880	PAN VH	310,060
ST8 VM	382	L62 VH	120
TRI VM	230	HPS VH	80
SDN VM	44	LBE VH	60
KMR VM	26	HSC VH	-
VKP VM	14	VE9 VH	-

Source: Bloomberg.

HOSE: Bid/offer

Date	Bid volume	Offer volume
7/21/08	15,905,780	63,705,990
7/22/08	2,146,810	103,629,630
7/23/08	2,721,450	76,982,980
7/24/08	29,878,560	68,022,550
7/25/08	15,008,280	46,310,270
Total	65,660,880	358,651,420

Source: VSE, ATP.

HOSE: Foreign activities

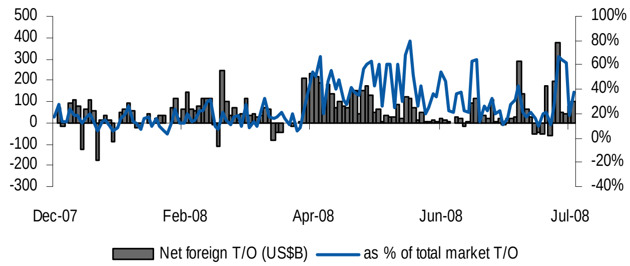
Date	Matching – Buy (VNDk)	Matching –Sell (VNDk)	Put through – Buy (VNDk)	Put through – Sell (VNDk)
7/21/2008	438,858,540.00	94,368,768	71,944,450	43,563,450
7/22/2008	26,605,330	7,789,025	26,605,330	23,245,330
7/23/2008	51,084,912	8,123,136	6,671,635	6,671,635
7/24/2008	171,575,888	95,711,314	2,708,504	4,878,776
7/25/2008	124,779,620	27,418,356	1,526,000	0
Total	812,904,290	233,410,599	109,455,919	78,359,191

Source: VSE, ATP.

Market review

Both floors in Vietnam suffered a significant downturn in the past week, mostly attributed to the fuel price increase policy recently released by the government. The **VNINDEX** declined **11.09%** W/W to **429.06;** the trading value fell significantly—**24.1%** W/W to **US$131.2 million**. The Hanoi floor also followed with the **VHINDEX** tumbling **5.9%** W/W to close at **140.85**. The trading value on the HASTC fell **4.6%** W/W to **US$63.8 million**, driven by strong bids for ACB, TBC and KLS. Foreigners remained net buyers on the HOSE and the HASTC with **US$36.4 million** and **US$2.7 million,** respectively.

Figure 1: Net daily foreign activities on the HOSE



Source: Bloomberg.

Sectors with pricing power and stable demand, given the rising inflationary pressure, remained in having the strongest growth potential. Given the downturn trend in the market, consumer discretionary was the only sector that performed well in the past week with a **1.8% W/W gain**—all other sectors posted losses. Health care and consumer staples were the worst performers, declining **11.84%** and **12.15%** W/W, respectively.

The top gainers on the HOSE were BMC (+2.7% W/W), TCT (+1.8% W/W). TSC (+1.5% W/W), PAC and BMP were the worst performers, declining 13.7% and 13.8%, respectively, W/W. STB, DPM and SSI topped the list of the most active stocks.

On the HASTC, the top gainers were KBC (+7.7% W/W) and YSC (+4.3% W/W). The top losers were SVC (-17.7% W/W) and B82 (-18.8% W/W). ACB, PVS and KLS remained the most active stocks.

Economic and political review

CPI in July was **19.57%** (not factoring in high fuel prices), an increase of **1.13%** from June—the lowest increase since the beginning of 2008. The trade deficit will increase to **US$15.01 billion** in the first seven months of this year, due to higher import revenues caused by global fuel price increases, according to GSO estimates. Until July, the country is estimated to spend **US$51.89 billion** for importing goods, an increase of **56.8**% over the same period last year, while it is estimated to earn nearly US$36.88 billion from exports, an increase of 37.7% Y/Y, according to the General Statistics Office of Vietnam. In July alone, the country's import turnover is estimated at **US$7.05 billion**, while export revenue is at **US$6.25 billion**.

For the seven-month period, expensive import items, such as automobiles and spare parts, increased **199.4%** to over **US$1.83 billion;** fertilizers, up **118.9%** to **US$1.11 billion;** steel, up **93.6%** to **US$5.01 billion;** and petroleum products, up **90.7%** to over **US$7.75 billion**.

High-earnings export commodities include crude oil, which generated revenues of US$6.8 billion, up 52.2%; textiles and garments, US$5.09 billion, up 20.5%; footwear, US$2.76 billion, up 18.4%; seafood, US$2.34 billion, up 17.7%; rice, US$1.81 billion, up 87.6%; and woodwork, US$1.59 billion, up 21.3%.

To help control the robust inflation, several large state-owned firms have cut down investment in non-priority and infective projects. In particular, 15 groups and corporations have cut **VND29.366 trillion** (US$1.75 billion) in costs from 1,003 projects scheduled for this year, decreasing the cost of their initial plans by 12%. Nationally, municipal authorities have cut investments of VND5.7 trillion (US$336.9 million) for 1,884 projects, amounting for 9.1% of their total investments planned for this year, according to the Ministry of Planning and Investment.

Strategy perspectives: Mixed 2Q08 results

Sriyan PieterszAC
(662) 684-2670
sriyan.pietersz@jpmorgan.com

2Q results: MTM impact on financial stocks has started to manifest. Bao Viet Securities (BVS VH) was the first listed company in the financial sector to report a MTM loss of more than US$20 million in 2Q08 on its US$45 million prop trading portfolio (excluding long-term investments). With the VNINDEX declining 53.11% YTD, the 45% provision by BVS looked reasonable. Another listed brokerage house, Hai Phong Securities (HPS VM), also reported a VND365 billion loss during the quarter because of provision.

This week, several heavyweight financial stocks will report 2Q08 results including SSI VM, STB VM, and ACB VH. STB indicated that the bank could have a big provision on its prop book by asking shareholders to accept a 25% reduction in its guidance for the year. For SSI, the company had total financial investment of over VND4 trillion (VND1.1 trillion in short-term and VND2.9 trillion in long-term investments) as of the end of 1Q08, and the company had only VND187 billion in total provision.

MTM impact on non-financial stocks: Still largely in the dark due to less reporting requirements. So far, of the top 20 non-financial companies by market cap, only a handful have reported 2Q08 results, and only Vinamilk (VNM VM) revealed its provision.

Table 1: 2Q08 announced results of top 20 non-financial companies

VND in billions and % for Y/Y

Symbol	Revenue		Net profit		Fin. activities profit		Fin. inv	MTM write-down
	1H08	Y/Y	1H08	Y/Y	1H08	Y/Y	1H08	1H08
VNM VM	3,872	24	698	22	41.9	-75	1,121	93.2
VIC VM	127	47	78	17	26.1	2	3,082	
HPG VM	4,927	106	848	234	(51.3)	105	846	
FPT VM	17,234	47	519	19	(173.7)	1074	332	
VSH VM	296	66	216	106	11.2	7	841	

Source: VSE.

Stock market impact: On the negative side, stocks in the financial sector are likely to come out with more write-downs, which could sweep out earnings for the whole year. However, companies with solid core earnings growth and little investment exposures should continue to do well in the second half of the year.

Watch out for a slowdown in the listing pipeline. OTC/pre-listed companies with big write-downs could incur losses this year. According to the listing requirement, a company needs to be profitable for at least a year for the HASTC (with the exception of equitized SOE), and at least two years for the HOSE. Therefore, companies that make losses this year will have to wait at least a year to be able to list on the HASTC and two years to list on the HOSE. The listing pipeline will definitely be shorter, in our view.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Corporate news

Financials

IFC transferred over 16 million ACB-coded shares to Standard Chartered Bank
International Finance Co (IFC), the big shareholder of Asia Commercial Joint Stock Bank (ACB VH), recently registered to sell 16,204,879 ACB-coded shares to Standard Chartered Bank on July 24. According to an agreement signed recently, the transfer price was VND140, 000 or US$8.3 per share, over two times higher than the trading price of ACB-coded shares on July 21 (VND68, 100 dong or US$4 per share). After the transaction, Standard Chartered Bank will raise the holding rate into the lender from 8.84% to 15% of chartered capital, the maximum holding rate of one foreign bank in a local bank under SBV's regulations. *(Vietnam Economic Times)*

BIDV set up joint venture
Banks for Investment and Development of Vietnam's (BIDV) Insurance Co (**BIC**) and Singapore-based Ginga Vietnam Holdings Pte Ltd Co on July 22 signed a joint-venture contract in Hanoi to jointly set up Bidv Energy Service and Trade Co (BEST) with a chartered capital of US$1 million, marking the first energy price insurance firm in Vietnam. BIC will own 51%, while Ginga will hold 49%. The joint-venture expects to raise its capital to US$2 million after one year of its operation. BEST was established to provide high-standard financial and risk-management services to oil companies as well as other energy businesses in Vietnam. *(IntellAsia)*

BVS reported big loss
The HASTC-listed Bao Viet Securities JSC (**BVS VH**) recently reported VND349 billion or US$20.7 million loss in the second quarter of this year, leading to the total figure for the period of Jan-June at VND324.12 billion or US$20 million. Its revenue in March-June was VND38.3 billion or US$2.2 million but the operation costs were VND386.9 billion or US$23 million; so the total revenue of first half gained VND97.4 billion or US$5.6 million and the spending of VND418.27 billion or US$24.9 million was posted. Thus, BVS's EPS lost VND6, 083 in 1H. *(IntellAsia)*

Sacombank revised down profit target by VND500 billion.
Saigon Thuong Tin Commercial Joint Stock Bank (**STB VM**) announced that it is seeking shareholders' approval to lower the pre-tax profit target in 2008 from VND2 trillion or US$119 million to VND1.5 trillion or $89.3 million as the banking sector is facing many difficulties and challenges. In first half of 2008, the bank reported over VND754 billion or US$44.8 million in pre-tax profit, exceeding 23% against the same period of 2007 and equaling to 37.7% of the whole-year target; its total assets stood at VND74.8 trillion or US$4.4 billion, up 95% Y/Y; total deposits at more than VND64.2 trillion or US$3.8 billion, and outstanding loans at VND38.330 trillion or US$1.9 billion. *(ATPVietnam)*

Real Estate

ALT opened trade and entertainment centre
On July 26, listed firm Tan Binh Culture Joint Stock Co (ALT VM) inaugurated the Alta Plaza trade and entertainment centre and operationalized the Cinema 4D TurboRide. In 2Q08, ALT's net revenue reached VND44.48 billion or US$2.6 million from sales and service provision, up 3.01% against the same period of 2007,

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

and VND3.24 billion or US$192,914 in after-tax profit. The figures were estimated at VND96.4 billion or US$5.7 million and VND6.17 billion or US$367,371 in the first half of 2008. *(IntellAsia, Bloomberg)*

Industrials

Phu My Fertilisers plans Morocco plant.

A joint venture between Vietnamese and Moroccan companies is planned to lead to the construction of a US$600 million fertilizer plant in Morocco to supply to Vietnam and neighboring countries. An investment agreement will be signed next month between Office Cherifien des Phosphates (OCP) and PetroVietnam Fertiliser and Chemical Company (PVFC Co), a member of the National Viet Nam Oil and Gas Group (PetroVietnam), to build the diammonium phosphate (DAP) plant following a MoU inked early this May. Once completed, the project will be Vietnam's largest investment project outside the country. PVFC aims to list on HOSE in 2008. *(Vietnam News)*

ANV's member firm began operation.

Nam Viet JSC (ANV VM), a fishery producer, announced that its affiliated firm, An Do Duong Ltd with VND450 billion or US$26.9 million chartered capital, has began operation at a capacity of 700 tons/day. The company targets revenues of VND1,400 billion or US$83 billion for 2008 and VND1,960 billion or US$117 million for 2009. Nam Viet JSC specializes in processing and exporting frozen Tra fishes and Basa fishes. According to 1Q08 results, ANV posted an after-tax profit of VND72.4 billion or US$4.3 million, down 41.07% Y/Y.

Siam Cement units won US$3.77 billion Vietnam deal

Vietnam granted a license to state oil group PetroVietnam and two units of Siam Cement SCC.BK, Thailand's top industrial conglomerate, to build a US$3.77 billion petrochemical complex, a state-run newspaper reported on Monday. The license was issued to Long Son Petrochemical Co Ltd formed by PetroVietnam, Vietnam National Chemical Corp, Siam Cement's Vina SCG Chemicals and its 44.7%-owned Thai Plastic and Chemicals TPC.BK, the Planning and Investment Ministry-run Dau Tu (Investment) newspaper said. The venture would build the petrochemical complex in the southern province of Ba Ria-Vung Tau for completion in the second quarter of 2013 at a total cost of US$3.77 billion, of which the project's registered capital is US$1.51 billion, the paper said. *(Reuters)*

Kamm Investment Holdings bought extra 34,750 SHC-coded shares.

The HOSE-listed firm Saigon Maritime Joint Stock Co (SHC VM) reported that its foreign shareholder Kamm Investment Holdings Inc completed the purchase of extra 34,750 shares between April 22 and July 16, bringing the foreigner's stake in the local firm to 6.16% (or 184,750 shares). Reportedly, in 1Q08 the firm reached VND37.02 billion or US$2.2 million in net revenue from sales and service provision, rising by 34.07% from the last quarter of 2007 and jumping 83.49% Y/Y. Also it earned VND4.62 billion or US$239,449 after-tax profit, up 339.87% Y/Y. *(ATPVietnam)*

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

PetroVietnam boosts investment overseas
The Vietnam National Oil and Gas Group (PetroVietnam) said it is focusing on seeking investment opportunities in foreign countries, particularly in oil and gas exploration and exploitation. In the first six months of this year, PetroVietnam signed six contracts to explore and exploit oil and gas overseas. In addition, it is finalizing procedures to open representative offices in the Middle East and Venezuela. PetroVietnam has so far invested more than US$226 million into **21 projects** overseas, with nearly 90% of the investment going to development and exploitation and the rest to exploration. *(Vietnam News Agency)*

New listings

Coma 18 likely to list on the HASTC
Coma 18 Construction Joint Stock Co (Coma 18) recently passed a proposal to double its chartered capital to VND60 billion or US$3.6 million and list shares on the Hanoi Securities Trading Centre (HaSTC) by the end of next year. Coma 18 finished the equalization from 2005 with the capital structure of state holding 51% and 49% remain belonging to the company's shareholders. Last year, the company reached VND137 billion or US$8.2 million in total revenue, over VND3 billion or US$180,288 in profit and a 10% dividend. Coma 18 also finished raising chartered capital to 30 billion dong from VND13.5 billion or US$781,250 in 2007. *(IntellAsia)*

TPP likely to list on the HASTC
Hanoi Securities Trading Centre (HaSTC) approved **Tan Phu Plastic Joint Stock Co** (coded **TPP VH**) to list 1,995,600 ordinary shares at 10,000 dong par worth VND19.9 billion or US$1.1 million on the northern bourse. The HCM City-based company with a chartered capital of VND20 billion or US$1.1 million—of which the state holds 22.19%, company's shareholders hold 56.57%, and the remaining 21.24% belongs to other shareholders—operates in fields such as producing packaging products, components and plastic products. Earlier, the HaSTC approved, in principle, the Lilama 69-1 Joint Stock Co to list 7.015 million shares worth VND70.15 billion or US$4.1 million in total on the northern floor. *(Vietnam Economic Times)*

Company Visit Note

Vinh Son-Song Hinh HydroPower

Vinh Son-Song Hinh Hydropower (VSH) operates two hydropower plants in central Vietnam with total capacity of 136MW, accounting for 3.3% of EVN's supply and 1.2% of national output. 1H08 sales and earnings grew by 66% and 106%, respectively, due to strong power consumption demand and high water reserves.

Key takeaways from the meeting:

- **VSH is one of the most efficient operators in Vietnam,** because of its upstream location and maintenance record, which is evidenced by it only having two disruptions/year, vs. EVN's 12/year.
- **EVN is the only buyer via a power-purchase agreement** with a 13.3% guaranteed return on paid-in capital until 2009, VSH can retain any upside revenue from more efficient operation of its plants. The rainy season in central Vietnam is October-June, which is the dry season elsewhere, so VHS can sell at the dry season tariff (USc3.58/kWh, vs. USc2.94/kWh in the rainy season).
- **Demand is growing at 15% p.a.,** according to industry statistics, and EVN will buy all VSH's output but its earnings are significantly impacted by the weather and how VSH deals with maintenance and investment implementation schedules.
- **Valuation:** The stock trades at 12.1x FY08 P/E, according to management guidance, a premium to HOSE's P/E. It has outperformed the market by 8.8% in the last month and 28.5% in absolute terms.

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Vinh Son-Song Hinh (Bloomberg: VSH VM; Reuters: VSH.VM): Historical financials

VND in millions, YE December	FY05A	FY06A	FY07A
Sales	202,170	409,274	370,161
Net income	87,262	270,369	256,842
EPS (VND)	688	2,131	2,005
DPS (VND)	1,200	1,200	1,200
Net debt (cash)/equity (%)	49.2	36.3	9.2
Sales growth (%)	N/A	102.4	-9.6
Net profit growth (%)	N/A	209.8	-5.0
EPS growth (%)	N/A	209.8	-5.9
ROE (%)	13.8	20.8	15.3
P/E (x)	41.4	13.4	14.2
P/B (x)	2.9	2.7	1.8
Dividend yield (%)	4.6	4.6	5.4

Source: Company data, Bloomberg. Per share data is adjusted for rights issue in August 2007.

Vietnam

Linh Truc Nguyen[AC]

linh.t.nguyen@jpmorgan.com

J.P. Morgan Securities (Asia Pacific) Limited

Sriyan Pietersz[AC]

(662) 684 2670

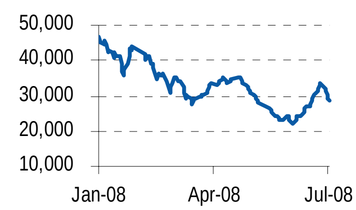
sriyan.pietersz@jpmorgan.com

JPMorgan Securities (Thailand) Limited

VSH VM, Not Covered

VND28,500, July 25, 2008

Share price chart



Source: Bloomberg.

One-year price performance

	1M	3M	12M
Absolute (%)	28.5	-13.5	-47.3
Relative (%)	8.8	2.5	11.0

Source: Bloomberg.

Company data

52–week range (VND)	64,000 - 22,100
Mkt cap. (VND B)	3,919
Mkt cap. (US$MM)	233
Shares O/S (MM)	137.5
Free float (%)	45.5
Daily liquidity (US$MM)	0.2
Exchange rate (VND/US$)	16,795
Index: VNI	429.46
Year-end	December

Source: Bloomberg.

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See page 20 for analyst certification and important disclosures, including non-US analyst disclosures.

Key takeaways from the meeting

Company description

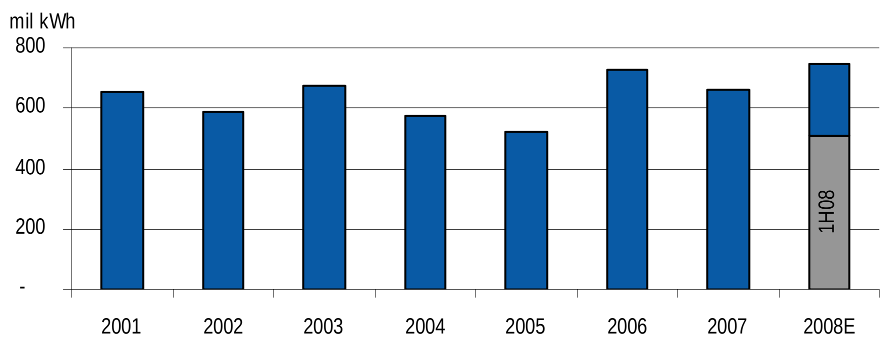
VSH operates two hydropower plants with total capacity of 136MW in central Vietnam, including Vinh Son in Binh Dinh province and Song Hinh in Phu Yen province. Vinh Son began operations in late 1994, with a designed capacity of 66MW, and assumed the management of Song Hinh in 2000 with a designed capacity of 70MW. The company was the first power plant under EVN to be equitized in 2005; it was listed on HASTC in July 2006, and was transferred to HOSE to improve liquidity in July 2007. Electricity of Vietnam (EVN) is the major shareholder with a 54.55% stake.

Performance in 1H08 driven by strong demand

Vinh Son-Song Hinh Hydropower's (VSH) 1H08 results were driven by the high water level of its reservoirs and strong power consumption demand. Its sales revenue in 1H08 reached VND295.5 billion, a 66.1% increase Y/Y and its net profit rose by 106.1% Y/Y to VND215.5 billion.

- Due to heavy rain in late 2007, all of VSH's reservoirs had high water levels, which is ideal for the full operation of its power plants. In 1H08, its total power output reached 511 million kWh—with 224 million kWh from the Vinh Son plant and 287 million kWh from the Song Hinh plant—or 68% of the year's target.

Figure 2: VSH—Power output in 2001-2008E



Source: Company data and estimates.

- Strong GDP growth of 6.5% in 1H08, supported by sustainable industrial growth of 16.5% Y/Y and record FDI flow, has increased the demand for solid power consumption. According to Electricity of Vietnam (EVN), Vietnam's current power demand has surged to 230 million kWh per day but given that almost all of EVN's new power plant projects have been delayed, its existing plants and BOT plants can just operate at a peak capacity of 12,500-12,800MW per hour, underpinning a lack of 1,500-2,500MW per hour. Therefore, efficient companies like VSH have the opportunity to run at full capacity, facilitating its sales and earnings growth of 66.1% and 106.1%, respectively, in 1H08.
- Another reason for VSH's 1H08 results is its selling price to its sole customer—EVN. VSH sells all of its output to EVN via a power-purchase agreement (PPA) with a 13.3% guaranteed return on paid-in capital until 2009 and VSH can keep any upside from more efficient operation of its plants. According to the PPA, the selling price for the rainy season (June-September) is US cents 2.94/kWh and for the dry season (October-June) is US cents 3.58/kWh. The rainy season in central Vietnam is between October and June, but it is dry elsewhere in Vietnam. So from October to June, when other big hydropower plants in the north like Hoa Binh lack water and therefore cannot operate fully, VSH's plants run at full capacity and sell at the dry season tariff (US cents 3.58/kWh, 22% higher than US cents 2.94/kWh in the rainy season).

- The fact that VSH's plants could run at full capacity during 1H08, indicates that its productivity has improved, resulting in a gross profit margin increase of 16% compared to the same period last year.
- VSH is one of the most efficient hydropower plants in Vietnam with an administration expense of just 1.3% of total sales in 1H08, 0.2% less than 1H07.
- With significant proceeds from share issues in August 2007 that have not been disbursed for the new power projects and deposited into banks, VSH's financial gains in 1H08 increased by 7.4% Y/Y, attributable to the 14.1% Y/Y increase of net margin in the period.

Table 1: VSH—1H08 financials

	1H08	1H07	% change
Net revenue	295,507	177,889	66.1%
COGS	87,440	81,176	7.7%
Gross profit	208,068	96,713	115.1%
Selling expenses	0	0	
G&A expenses	3,737	2,546	46.8%
Operating income	204,331	94,167	117.0%
Net non-operating gains	11,177	10,411	7.4%
Interest expenses	*6,118*	*8,091*	-24.4%
Income before extraordinary items	215,508	104,578	106.1%
Other income	-5	3	-238.2%
EBIT	215,503	104,581	106.1%
Pre-tax income	215,503	104,581	106.1%
Net profit	215,503	104,581	106.1%
Margins			pct change (%)
Gross margin	70.4%	54.4%	16.0%
Net margin	72.9%	58.8%	14.1%
Major expenses as % of sales			
G&A expenses	1.3%	1.4%	-0.2%

Source: Company data.

Growth potential from demand and expansion projects

Strong industry growth to facilitate solid GDP growth

Over recent years, electricity demand has grown at a faster rate than GDP growth—15% versus 7.5% GDP growth, according to annual statistics of the electricity industry for 2001-2007. Electricity consumption growth is also around 2% higher than electricity output growth. To facilitate solid GDP growth up to 2010, the government has approved the electricity development plan, under which the total capacity of new power plants will be 13,144MW, including 5,064MW from 42 new hydropower plants. Hydropower will be the major source of power with 38.5% of total national capacity, due to Vietnam's rich river resources.

According to the Master Plant VI approved by the prime minister on July 18, 2007, as Vietnam has many rivers and waterfalls, it has the potential to build many hydropower plants with total capacity of up to 17,000MW. However, up to now, just 4,000MW has been exploited and 1,000MW is being built, leaving substantial room for expansion.

Inroads for expansion projects

VSH is set for expansion with the improvement of its existing reservoirs, three newly licensed projects including Vinh Son 2 & 3 (100MW) and Upper Kon Tum (240MW) and Dong Cam (120MW).

The new Lake C in the Vinh Son plant was completed and put to use in early 2007, reserving more water for Vinh Son and helping it to produce 78.5 million kWh more annually. VSH is planning to increase the height of Lake A at Vinh Son and the Song Hinh Lake to increase the annual output of Vinh Son by 35 million kWh and that of Song Hinh by 60 million kWh. As the government is planning to lower GDP growth this year in a bid to curb inflation and cut down investment capex, and bank interests have seen a strong rise so far in 2008, VSH has not yet started its projects. Management says that the projects could be delayed until early 2009; they will add a total of 173.5 million kWh to VSH's power output annually. The company has upgraded the transportation facilities near the Vinh Son plant, to improve the safety of VSH's current operations and facilitate the implementation of the Vinh Son 2 project, according to management.

Due to its position and experience in hydropower, VSH has won approvals for three big projects—Vinh Son 2 & 3 (100MW), Upper Kon Tum (240MW) and Dong Cam (120MW). Upon completion, these projects will add more than 2,000 million kWh to VSH's annual output.

Table 2: New power projects

	Unit	Vinh Son 2	Upper Kon Tum	Dong Cam
Location		Binh Dinh	Kon Tum	Phu Yen
Expected Starting time		Aug 2011	2012	Late 2008
Capacity	MW	100	240	120
Average annual output	Mil kWh	402.5	1,056	500
Total investment cost	VNDbn	1,800	5,245	2,118
Estimated payback period	years	11	12	N/A
IRR	%	12.04	16.11	N/A

Source: Company prospectus.

Outlook

Up to end-1H08, VSH achieved 70% of its entire FY08 revenue target and 76.6% of its profit target. Based on the current high water level of all of VSH's reservoirs, which will be filled up further in the final quarter, and the rainy season in central Vietnam, management expects to fulfill its FY08 target—750 million kWh in power output, VND486 billion of total revenue including VND420 billion from power and VND281 billion of profit.

The PPA of VSH with EVN will expire by end-2008 and the company is preparing to negotiate for a price increase for the 2009-2013 term. Management has not released any details; however, based on the price increase proposal of EVN with the government, the local power tariff may increase by 10.4% on average from the current average level of VND862 per kWh to VND952 per kWh.

Company background

VSH is mainly involved in electricity production and sales; managing, operating and maintaining hydropower plants; and financial investment in power projects, tourism and real estate.

Electricity production and sales
VSH's two hydropower plants are located on the upstream of the Ba River and Con River, providing electricity to central Vietnam with a total average annual output of

676.7 million kWh. VSH sells all its output to the state power monopoly, EVN, accounting for 3.3% of EVN's power supply and 1.2% of the total national supply. Most of VSH's revenue comes from selling electricity. Due to the recent heavy rains and accumulated water reserves, VSH's reservoirs are currently full and will enable it to produce 800 million kWh in 2008, 6.7% higher than its previous year target and 21.5% increase Y/Y, according to management.

Managing, operating and maintaining hydropower plants

VSH's staff is well-qualified and experienced in managing, operating and maintaining hydropower plants. Thus, management believes that the company can take contracts to manage and operate other hydropower plants in central Vietnam, including Huong Dien, Binh Dien and Ha Nang.

Financial investment

Management indicates that VSH has strong cash flow from its accumulated depreciation and highly favored credit from banks for its upcoming projects. To use this cash flow in the short term, VSH made some financial investments including a 49.72% stake in Binh Dinh Tourist and 0.9% in Pha Lai Thermo Power (PPC VN), totaling VND42 billion in investment cost or just 1.7% of VSH's total asset value. VSH investments in both Binh Dinh Tourist and PPC were at very low prices, thus VSH does not have to make any provisions for its financial investments. Its financial revenue was VND61.8 billion in FY07 and VND11 billion in 1H08, contributing to 24% and 5.2% of VSH's profit, respectively.

Capacity

Efficient operations

According to management, VSH's hydropower plants have been operating very efficiently since they were set up, and are among the most efficient operators in the country due to their upstream locations on the Ba River and Con River, and have good maintenance. The high water tower and large capacity of reservoirs has helped VSH's plants to operate efficiently. Moreover, all of its equipment and machines are modern and have been made in EU countries (France, Norway and Sweden), with very limited disruptions—only two disruptions/year, versus EVN's 12/year. VSH's operations are also very economical with the electricity self-consumption rate at just 1.3% due to modern machines.

Table 2: VSH—Production capacity

	Unit	Vinh Son	Song Hinh	Total
Location		Binh Dinh	Phu Yen	
Starting time		Dec 1994	July 2000	
Capacity	MW	66	70	136
Average annual output	Mil kWh	384.7	370.0	754.7
Reservoirs' capacity	m^3	218	350	568
Height of water tower	m	588	144	
Turbine		Penton	Francis	
Water use ratio	M^3/kWh	0.72	2.83	

Source: Company prospectus.

Stable operations

VSH's average annual power output in 2002-2007 was 624 million kWh. Its power output growth has been stable with a CAGR of 2.3% over 2002-2007. As its main material is water, the company's revenue is generally impacted significantly by the weather conditions. Given the characteristics of regional water resources and flow, the growth circle lasts every three years. VSH experienced a deficiency in water supply in 2005-2007, just 30%-60% of the water level in other years, which induced lower output in the period. Currently, the reservoirs have accumulated enough water for 2008 and 2009, according to management.

Expense structure

Like all other hydropower plants, depreciation and interest are major expenses for the company, accounting for 87% and 9% of its expenses, respectively. Other expenses include materials, salary, and repair costs, which are very modest due to the high quality of VSH’s facilities. As VSH continues to be involved in new big projects, 70% of which will be financed by bank loans, the company finds it hard to improve its operating margins, according to management.

Capital raising/balance sheet

VSH’s cash flow is strong given its stable earning flows and accumulated depreciation over the previous years. As of end-FY07, net debt to equity decreased further to 9.22% from 36.3% as of end-FY06. As VSH’s plants are responsible for not only electricity production but also irrigation and flood prevention for provinces in the region, the company can receive loans at a favorable interest of 7%-8% p.a. from banks.

Management expects to finance the capex of US$400 million for the two hydropower projects—Vinh Son 2 (VND1.8 trillion) and Upper Kon Tum (VND4.5 trillion)—by a new capital issue (30%) and by loans from Binh Dinh Development Fund (70%) at a very low interest of around 0.45% per month.

Vinh Son-Song Hinh Hydropower: Summary of financials

Profit and loss statement			
VNDMM, year-end December	FY05A	FY06A	FY07A
Revenues	202,170	409,274	370,161
% change Y/Y	N/A	102.4	-9.6
Gross margin (%)	53.9	59.4	54.6
EBITDA	1,134,752	419,850	413,823
% change Y/Y	N/A	-63.0	-1.4
EBITDA margin (%)	561.3	102.6	111.8
EBIT	97,293	280,401	266,314
% change Y/Y	N/A	188.2	-5.0
EBIT margin (%)	52.0	58.1	52.5
Net interest	-10,031	-10,032	-10,032
Earnings before tax	87,262	270,369	256,282
% change Y/Y	N/A	209.8	-5.2
Tax	-	-	(560)
as % of EBT	0.0	0.0	-0.2
Net income (reported)	87,262	270,369	256,842
% change Y/Y	N/A	209.8	-5.0
Shares outstanding (MM)	125.0	125.0	137.5
EPS (reported) (VND)	687.8	2,130.9	2,004.6
% change Y/Y	N/A	209.8	-5.9

Cash flow statement			
VNDMM, year-end December	FY05A	FY06A	FY07A
EBIT	97,293	280,401	266,314
Depreciation & amortization	1,037,458	139,449	147,509
Change in working capital	8,591	(51,985)	(28,697)
Taxes	-	-	(560)
Cash flow from operations	1,133,311	357,832	375,654
Capex	(2,872,755)	(16,057)	(50,188)
Disposal/ (purchase)	-	-	-
Net interest	10,031	10,032	10,032
Free cash flow	13,326	19,370	166,553
Equity raised/ (repaid)	1,331,332	(48,147)	608,508
Debt raised/ (repaid)	646,500	(108,111)	(123,102)
Other	7,190	(7,190)	-
Dividends paid	(152,253)	(152,253)	(179,373)
Beginning cash	-	23,357	52,759
Ending cash	23,357	52,759	228,784
DPS (VND)	1,200	1,200	1,400

Balance sheet			
VNDMM, year-end December	FY05A	FY06A	FY07A
Cash and cash equivalents	90,263	110,499	739,469
Accounts receivable	25,436	25,435	70,558
Inventories	28,887	25,238	23,362
Others	1,156	769	49
Current assets	145,743	161,941	833,438
Long-term investments	206	8,517	10,419
Net fixed assets	1,835,297	1,711,905	1,614,584
Total assets	1,984,102	1,882,746	2,459,449
Liabilities			
Short-term loans	131,774	117,823	101,279
Payables	64,070	7,957	21,808
Others	-	90	69
Total current liabilities	195,844	125,871	123,156
Long-term debt	514,726	420,566	314,007
Other liabilities	-	-	-
Total liabilities	710,570	546,437	437,163
Shareholders' equity	1,266,341	1,336,309	2,022,286
BVPS (VND)	9,981	10,532	15,784

Ratio analysis			
%	FY05A	FY06A	FY07A
EBITDA margin	561.3	102.6	111.8
Operating margin	52.0	58.1	52.5
Net profit margin	43.2	66.1	69.4
SG&A/sales	1.9	1.2	2.1
Sales per share growth	N/A	102.4	(10.4)
Sales growth	N/A	102.4	(9.6)
Net profit growth	N/A	209.8	-5.0
EPS growth	N/A	209.8	-5.9
Interest coverage (x)	9.7	28.0	26.5
Net debt to total capital	32.6	25.9	7.7
Net debt to equity	49.2	36.3	9.2
Sales/assets	20.4	21.2	17.0
Assets/equity	1.6	1.5	1.3
ROE	13.8	20.8	15.3
ROCE	10.2	14.8	12.4

Source: Company reports.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Appendix I: List of listing candidates

No	Company	Trading floor	Sector	Charter capital (VNDB)
1	Traphaco	HOSE	Health care	80.0
2	Casumina	HOSE	Materials	90.0
3	Sao Vang Rubber	HOSE	Materials	50.0
4	Ninh Binh Fertilizer	HASTC	Materials	24.9
5	Ac Quy Tia Sang	HASTC	Consumer discretionary	10.6
6	Vinaconex	HOSE	Construction & Materials	1,500.0
7	Noi Bai Food Supply	HASTC	Industrial goods & services	30.0
8	Binh Phuoc Imexco	HOSE	Industrial goods & services	15.0
9	VIBank	HASTC	Banks	2,500.0
10	Viet Duc Steel	HASTC	Materials	110.0
11	Nakagawa	HOSE	Consumer discretionary	200.0
12	Hanaka	HASTC	Consumer discretionary	400.0
13	Song Da 12	HASTC	Construction & Materials	50.0
14	577 Investment	HOSE	Construction	119.0
15	Ben Tre Pharma	HOSE	Pharmaceuticals	20.0
16	Viconship	HOSE	Industrials	80.4
17	Long An School Equipments and Books	HASTC	Media	11.0
18	Vocational Training and Books	HASTC	Media	10.0
19	PV Gas North	HOSE	Energy	N/A
20	PV Construction in Nghe An	HOSE	Energy	N/A
21	Ngo Quyen Seafood Export Processing	HASTC	Consumer staples	10.0
22	422 traffic construction	HASTC	Capital goods	12.0
23	Pisco Dong An Wood Processing	HASTC	Consumer discretionary	15.0
24	University book JSC.	HASTC	Media	10.0
25	PITCO	HOSE	Energy	97.7
26	Telecom Technical Services	HASTC	Telecom Services	48.0
27	Construction & Investment 18	HASTC	Capital goods	35.0
28	Song Da 25	HASTC	Capital goods	18.4
29	Song Da Investment and Construction	HASTC	Capital goods	50.0
30	Song Da 19	HASTC	Capital goods	15.0
31	Construction No 3	HASTC	Capital goods	80.0
32	Bac Lieu Seafood	HASTC	Consumer Staples	29.4
33	Thanh Hoa Beer	HASTC	Consumer staples	114.2
34	Thien Long Pen	HOSE	Consumer discretionary	120.0
35	Cuu Long Pharma	HOSE	Pharmaceuticals	81.0
36	Vinasun	HOSE	Consumer discretionary	170.0
37	BCCI	HOSE	Industrials	542.0
38	Sonadezi Long Thanh	HOSE	Financials	100.0
39	PVFC	HOSE	Financials	N/A
40	Dai Viet Securities	HASTC	Financials	N/A
41	Song Da 4	HASTC	Industrials	75.0
42	Vinaship	HOSE	Industrials	N/A
43	Hoang Anh – Gia Lai	HOSE	Financials	1,199.6
44	Dong Do Shipping	HOSE	Industrials	89.2
45	Binh Thuan Books and School Equipment	HOSE	Consumer Discretionary	11.0
46	Yen Bai Cement and Minerals	HASTC	Materials	22.1
47	Licogi 18	HASTC	Industrials	35.0
48	Tan Hoa Plastic	HOSE	Consumer Discretionary	80.0
49	Minh Hai Seafood	HOSE	Consumer Staples	139.0
50	Intresco	HOSE	Financials	200.25
51	Tasco Nam Ha	HASTC	Industrials	55.0
52	Viconship Saigon	HOSE	Industrials	110.0
53	BASA	HOSE	Consumer staples	96.0
54	VNECO 1	HASTC	Industrials	30.0
55	Mangan Mineral	HASTC	Materials	12.0
56	OPC Pharmaceuticals	HOSE	Pharmaceuticals	81.9

Source: ATP, VSE, HASTC.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Appendix II: Key annual macroeconomic data on Vietnam

	2000	2001	2002	2003	2004	2005	2006	2007
Domestic economic structure and performance								
Real GDP (%, official data)	6.8	6.9	7.1	7.3	7.8	8.4	8.2	8.5
GDP contribution (% point)								
Agriculture	1.1	0.7	0.9	0.8	0.9	0.8	0.7	0.6
Industry and construction	3.5	3.7	3.5	3.9	3.9	4.2	4.2	4.3
Services	2.2	2.5	0.6	4.6	2.9	3.4	3.3	3.5
Nominal GDP (US$ billion)	30.4	31.9	34.8	39.2	45.3	52.7	60.7	71.4
GDP per capita (US$)	391.9	405.5	436.3	484.6	552.8	634.4	720.7	838.0
Employment (million)	37.6	38.4	39.5	40.5	41.6	42.5	43.3	44.2
Share of total (%)								
Agriculture	64.4	63.3	58.7	57.0	55.3	53.9	52.2	54.6
Industry and construction	10.1	10.9	11.1	12.1	12.5	12.9	13.2	19.6
Services	25.5	25.8	30.1	30.9	32.2	33.2	34.6	25.9
Saving - investment balance (% of GDP)	2.1	1.6	(1.9)	(4.8)	(3.4)	0.4	0.3	(0.8)
Gross national saving	31.7	32.8	31.3	30.6	32.3	35.6	35.8	35.9
Gross national investment	29.6	31.2	33.2	35.4	35.7	35.2	35.5	36.7
Inflation (% YOY, end-period)	(0.6)	0.5	4.1	2.9	9.7	8.8	6.5	12.6
Inflation (% YOY, average)	(1.7)	(0.4)	3.8	3.1	7.8	8.3	7.5	8.3
Monetary indicators								
Broad money (%YOY, end-period)	56.2	25.5	17.6	24.9	29.5	29.7	33.6	46.0
Net domestic banking assets (VND trillion)	127.2	162.2	211.7	279.8	386.4	499.7	N/A	N/A
Real effective exchange rate (2000=100)	100.1	101.1	96.6	89.3	91.3	101.8	N/A	N/A
Exchange rate (VND per US$, end-period)	14,514	15,084	15,403	15,646	15,777	15,916	16,054	16,017
Exchange rate (VND per US$, average)	14,168	14,725	15,280	15,510	15,741	15,859	15,994	16,077
Government balance								
Fiscal balance (% of GDP)*	(5.0)	(5.0)	(4.7)	(6.4)	(2.8)	(5.9)	(6.3)	N/A
Total revenue (VND trillion)	90.7	103.9	121.7	158.1	198.6	217.1	264.3	N/A
Grants (VND trillion)	2.0	2.0	2.3	3.0	2.9	2.3	3.6	N/A
Total expenditure, excluding on-lending (VND trillion)	109.0	129.8	148.2	181.2	214.2	226.9	267.8	N/A
External balance of payments								
Current account balance (US$ million)	1,107.0	682.0	(604.0)	(1,931.0)	(957.0)	(519.0)	(299.0)	N/A
% of GDP	3.6	2.1	(1.7)	(4.9)	(2.1)	(1.0)	(0.5)	N/A
Trade balance (US$ million)	376.0	481.0	(1,054.0)	(2,581.0)	(2,287.0)	(2,654.0)	(2,776.0)	N/A
- Total Merchandise Exports (FOB)	14,448.0	15,027.0	16,706.0	20,149.0	26,485.0	32,438.0	39,826.0	N/A
- Total Merchandise Imports (FOB)	14,072.0	14,546.0	17,760.0	22,730.0	28,772.0	35,092.0	42,602.0	N/A
Capital account balance (US$ million)	(1,212.0)	275.0	1,637.0	4,944.0	2,859.0	1,873.0	5,534.0	N/A
Gross foreign direct investment (US$ million)	1,101.0	1,252.0	2,023.0	1,894.0	1,878.0	1,972.0	2,315.0	N/A
Errors & ommissions (US$ million)	(218.0)	(917.0)	(676.0)	(862.0)	(1,019.0)	777.0	(913.0)	N/A
Overall balance (US$ million)	(323.0)	40.0	357.0	2,151.0	883.0	2,131.0	4,322.0	N/A
FX reserves (US$ billion)	3.4	3.7	4.1	6.2	7.0	9.0	13.4	N/A
Import coverage (in weeks of imports)	8.6	9.4	7.2	8.7	8.5	9.8	11.2	N/A
External debt								
External debt (US$ billion)	12.3	12.8	12.6	14.0	16.8	19.1	21.2	N/A
Medium- and long-term (US$ billion)	11.5	12.2	12.0	13.1	15.2	16.9	18.3	N/A
Short-term (US$ billion)	0.8	0.6	0.6	0.9	1.6	2.2	2.9	N/A
External debt service (US$ billion)	1.8	1.9	1.5	1.7	2.2	2.5	2.8	N/A
Amortization paid (US$ billion)	1.3	1.5	1.1	1.3	1.5	1.7	1.9	N/A
Interest (US$ billion)	0.5	0.4	0.3	0.4	0.7	0.8	0.9	N/A
External debt service ratio (% of current account receipts)	9.6	9.8	6.8	6.6	6.5	6.2	5.8	N/A

Source: GSO.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Appendix III: FY07 results of top 20 listed companies as of 31/12/07

No.	Symbol	Industry	Share price (VNDk)	Market cap.	Revenue (VNDB)		Net profit (VNDB)		Operating income (VNDB)		OP/NP	Investment revenue (VNDB)		Investment profit (VNDB)	
				(US$MM)	2007	Y/Y	2007	Y/Y	2007	Y/Y		2007	Y/Y	2007	Y/Y
1	ACB VH	Financials	164.0	2,589.3	4,736.0	81.3%	1,769.5	168.6%	1,494.8	61.4%	84.5%	554.7	791.8%	554.7	791.8%
2	STB VM	Financials	65.5	1,818.4	3,674.1	102.3%	1,397.9	197.3%	1,446.1	79.8%	103.4%	808.5	463.7%	808.5	463.7%
4	DPM VM	Materials	74.0	1,754.8	3,779.0	23.9%	1,320.8	13.7%	1,269.7	38.0%	96.1%	140.5	-7.0%	43.7	-144.2%
5	FPT VM	Information Technology	223.0	1,278.8	27,348.7	27.8%	725.9	61.2%	922.7	65.4%	127.1%	52.2	362.9%	(22.1)	-65.0%
6	SSI VM	Financials	168.0	1,258.0	1,185.3	248.7%	858.6	254.7%	1,184.2	249.0%	137.9%	107.5	178.9%	107.5	178.9%
7	PPC VM	Utilities	59.5	1,207.6	3,807.1	5.5%	827.8	-15.5%	1,056.3	-7.4%	127.6%	128.4	995.9%	(280.6)	58.1%
8	PVD VM	Energy	152.0	1,044.7	2,740.6	83.9%	575.9	362.5%	596.0	269.1%	103.5%	31.6	308.2%	(52.2)	-1256.9%
9	HPG VM	Industrials	95.0	782.5	5,733.8	331.2%	654.2	809.5%	790.7	581.4%	120.9%	22.8	15610.3%	(22.8)	-45.2%
10	VIC VM	Financials	155.0	773.8	180.0	-67.2%	287.3	-16.4%	87.7	-73.6%	30.5%	260.6	4145.8%	238.4	3786.7%
11	PVS VH	Energy	121.3	756.9	6,045.7	34.4%	320.6	85.5%	327.1	22.0%	102.0%	89.8	168.8%	(13.9)	-39.9%
12	ITA VM	Financials	126.0	629.0	918.3	160.3%	377.6	153.8%	445.2	133.7%	117.9%	45.1	149.4%	16.7	-201.7%
13	SJS VM	Financials	250.0	624.0	769.3	128.9%	344.7	187.7%	310.9	172.3%	90.2%	12.1	115.2%	12.1	115.2%
14	REE VM	Financials	137.0	489.5	446.4	-45.8%	272.3	21.3%	125.6	-18.8%	46.1%	275.8	78.0%	218.5	53.7%
15	SAM VM	Information Technology	137.0	465.9	1,696.0	2.5%	196.9	-3.4%	143.0	-39.7%	72.6%	110.8	899.5%	51.4	-275.9%
16	KDC VM	consumer staples	194.0	435.8	1,233.1	23.5%	240.7	41.0%	156.5	18.6%	65.0%	96.8	104.0%	58.6	148.1%
17	VSH VM	Utilities	46.7	400.7	370.2	-9.6%	254.4	-5.9%	194.5	-18.3%	76.5%	75.8	30.1%	59.9	85.3%
18	ANV VM	consumer staples	90.0	370.7	3,193.4	18.0%	386.4	45.1%	390.2	30.3%	101.0%	73.1	371.1%	31.6	-229.4%
19	GMD VM	Industrials	133.0	360.6	1,185.5	10.9%	282.4	76.1%	148.5	-7.9%	52.6%	165.0	229.0%	82.5	72.4%
20	PVT VM	Industrials	75.5	339.2	312.6	-29.3%	19.0	-57.8%	46.2	-53.1%	243.4%	15.9	97.4%	(19.8)	-57.2%

Source: VSE, ATP, HSE.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Appendix IV: HOSE—Top 20 weekly valuations

Price as of Jul 25, 2008 Exchange rate = 16,795.00	Bloomberg	Price & relative performance (VNDk)	1M (%)	3M (%)	6M (%)	Mkt Cap (US$MM)	Avg. daily turnover (Shares)	Cur. foreign ownership (%)	EPS 2006A (VNDk)	EPS 2007A (VND)	EPS Y/Y Growth 2006A (%)	EPS Y/Y Growth 2007A (%)	P/E 2006A (x)	P/E 2007A (x)	P/B 2006A (x)	P/B 2007A (x)	ROE 2006A (%)	ROE 2007A (%)	Div. yield 2006A (%)	Div. yield 2007A (%)
PETROVIETNAM FERT & CHEMICAL	DPM VM	52.0	18.2	21.3	NA	1,175	1,001,174	16.6	4.52	3.50	79.6	-22.5	11.5	14.9	0.9	4.5	24.9	29.4	0.0	0.0
PETROVIETNAM DRILLING AND WE	PVD VM	90.5	15.5	15.4	51.8	712	205,830	29.7	1.83	3.66	48.9	100.0	49.4	24.7	7.7	5.8	16.4	43.1	1.7	4.4
SAIGON THUONG TIN COMMERCIAL	STB VM	22.4	7.6	-10.8	-2.0	682	2,208,209	30.0	1.95	2.79	20.9	43.0	11.5	8.0	1.6	1.6	22.8	27.4	6.7	6.7
VINCOM JSC	VIC VM	101.0	4.3	34.1	NA	674	110,059	1.9	7.57	3.07	246.6	-59.4	13.3	32.9	10.1	6.4	75.7	22.1	0.0	0.0
VINPEARL JSC	VPL VM	112.0	-9.8	19.1	NA	667	13,690	20.1	NA	1.24	NA	NA	NA	90.2	NA	10.9	NA	12.4	NA	NA
TAN TAO INDUSTRIAL PARK CORP	ITA VM	84.5	-7.9	45.0	71.9	579	77,343	38.8	3.45	3.84	-3.4	11.2	24.5	22.0	7.7	2.7	30.5	19.0	2.1	2.1
HOA PHAT GROUP JSC	HPG VM	49.4	30.1	36.2	NA	578	505,354	30.6	2.40	3.77	2141.0	57.3	20.6	13.1	4.5	2.9	24.4	37.0	4.0	0.0
PHA LAI THERMAL POWER	PPC VM	27.4	-4.0	-11.3	7.9	531	306,192	16.7	3.19	2.53	4748.5	-20.7	8.6	10.8	3.8	2.3	26.0	21.9	4.4	4.4
SAIGON SECURITIES INC	SSI VM	43.6	32.5	2.7	NA	350	687,800	49.0	6.52	8.38	29.7	28.5	6.7	5.2	2.4	1.3	37.8	32.8	6.9	6.9
CORP FOR FINANCING AND PROMO	FPT VM	62.0	9.7	-11.3	-44.9	344	330,370	27.1	9.26	8.06	33.1	-13.0	6.7	7.7	2.4	2.7	48.3	41.6	2.4	4.8
VINH SON - SONG HINH HYDROPO	VSH VM	28.5	8.8	2.5	11.0	233	178,312	25.0	2.18	1.98	203.9	-8.8	13.1	14.4	2.6	1.8	20.8	15.3	4.2	4.2
KINHDO CORPORATION	KDC VM	60.0	-18.2	-24.2	-30.9	200	76,910	41.5	6.21	5.48	40.8	-11.7	9.7	10.9	3.1	1.1	31.0	15.8	2.7	2.7
NAM VIET CORP	ANV VM	42.7	-23.5	-14.5	NA	167	54,328	21.2	4.44	5.61	267.8	26.4	9.6	7.6	2.3	1.7	40.8	NA	0.0	4.7
DONG PHU RUBBER JSC	DPR VM	62.0	14.5	36.7	NA	148	78,261	14.6	5.27	5.76	-12.5	9.3	11.8	10.8	4.2	3.7	31.0	40.4	0.0	2.4
SONGDA URBAN & INDUSTRIAL ZO	SJS VM	61.5	15.5	-18.4	-48.4	146	148,853	32.1	5.99	9.15	-27.5	52.7	10.3	6.7	2.3	1.9	24.5	39.6	3.3	3.3
DHG PHARMACEUTICAL JSC	DHG VM	119.0	-24.0	-17.4	32.1	142	52,702	39.1	8.71	6.36	57.2	-27.0	13.7	18.7	5.6	3.7	46.3	31.0	2.1	1.7
TAY NINH RUBBER CO	TRC VM	69.5	2.7	26.5	14.1	124	29,117	27.5	4.33	NA	-32.4	NA	16.0	NA	3.5	4.4	28.9	NA	1.4	8.4
SAIGON TELECOMMUNICATION & T	SGT VM	31.0	-12.1	0.6	NA	108	115,150	23.7	NA	2.93	NA	NA	NA	10.6	NA	3.0	NA	NA	NA	NA
REFRIGERATION ELECTRICAL ENG	REE VM	31.3	5.9	-24.8	-49.0	107	277,342	49.0	7.19	5.21	172.0	-27.5	4.4	6.0	1.0	0.8	27.8	17.5	5.1	5.1
GEMADEPT CORP	GMD VM	39.4	-10.6	-23.0	-33.4	102	102,555	49.0	3.85	4.53	-1.7	17.7	10.2	8.7	2.2	0.8	21.9	13.9	3.0	4.1

Source: Company reports, Bloomberg.

Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com

Appendix V: HASTC—Top 20 weekly valuations

Price as of Jul 25, 2008 Exchange rate = 16,795.00	Bloomberg	Price & relative performance				Mkt cap	Avg. daily turnover	Cur. foreign ownership	EPS		EPS Y/Y growth		P/E		P/B		ROE		Div. yield	
			1M	3M	6M				2006A	2007A	2006A	2007A	2006A	2007A	2006A	2007A	2006A	2007A	2006A	2007A
		(VNDk)	(%)	(%)	(%)	(US$MM)	(Shares)	(%)	(VNDk)	(VND)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
KINHBAC CITY DEVELOPMENT SHA	KBC VH	143.4	3.0	49.1	NA	1,162	23,322	25.7	2.45	3.02	-61.2	23.5	58.6	47.5	11.6	8.7	15.0	NA	0.0	0.0
ASIA COMMERCIAL BANK	ACB VH	59.2	3.7	-13.9	-10.1	927	680,557	30.0	3.91	8.10	27.0	107.1	15.1	7.3	4.2	2.4	30.0	44.5	6.4	7.5
PETROLEUM TECHNICAL SERVICES	PVS VH	42.0	39.8	15.8	-8.7	250	424,600	7.2	1.34	3.19	2.5	138.1	31.3	13.2	4.2	3.6	17.0	NA	2.9	0.0
PETROVIETNAM INSURANCE JSC	PVI VH	26.4	5.5	-13.2	-16.9	161	327,419	16.2	1.70	3.65	-60.7	115.2	15.6	7.2	2.6	1.4	13.7	20.2	3.8	4.0
BAO VIET JS SECURITIES CO	BVS VH	39.5	5.1	-36.5	-52.7	106	136,267	28.0	5.28	5.28	126.3	0.0	7.5	7.5	1.4	2.9	19.6	41.9	5.1	5.3
VIETNAM NATIONAL REINSURANCE	VNR VH	25.8	-28.2	-12.8	-6.1	103	9,913	30.1	1.31	1.84	0.7	40.9	19.7	14.0	NA	2.0	15.7	14.2	NA	NA
BUT SON CEMENT JSC	BTS VH	12.3	-35.6	-30.1	-11.1	69	31,623	9.2	0.81	1.10	11.3	34.5	15.1	11.2	1.1	1.1	7.6	NA	4.9	6.3
BIM SON CEMENT JOINT STOCK C	BCC VH	12.1	-33.6	-18.9	-3.1	69	82,953	14.3	0.81	1.51	-15.5	86.5	14.9	8.0	1.1	1.1	7.6	NA	5.8	3.9
VINASHIN PETROLEUM INVESTMEN	VSP VH	83.7	54.9	42.4	9.9	69	39,370	1.8	4.36	18.09	482.2	314.6	19.2	4.6	NA	2.8	40.7	78.0	NA	NA
TIEN PHONG PLASTIC JSC	NTP VH	38.6	5.5	-15.2	-21.7	50	159,727	15.2	6.76	5.79	-10.1	-14.4	5.7	6.7	3.4	2.3	50.4	42.9	18.1	18.1
THAC BA HYDROPOWER JSC	TBC VH	12.7	-29.8	-10.4	10.4	48	234,677	0.4	0.87	1.26	-1601.6	44.0	14.6	10.1	1.2	1.1	8.4	NA	9.4	9.4
KIM LONG SECURITIES CORP	KLS VH	12.5	-0.6	-33.7	NA	37	537,870	0.7	NA	1.93	NA	NA	NA	6.5	NA	NA	NA	NA	NA	NA
VINACONEX ADVANCED COMPOUND	VCS VH	41.8	50.5	45.3	36.2	29	32,853	11.5	NA	5.52	NA	NA	NA	7.6	NA	2.5	NA	NA	NA	NA
NAM VANG CORP	NVC VH	28.8	-23.6	0.4	39.3	27	72,590	1.0	NA	2.69	NA	NA	NA	10.7	NA	2.0	NA	NA	NA	NA
HAIPHONG SECURITIES JSC	HPC VH	22.0	-2.2	-16.8	-51.8	25	136,527	4.7	3.03	11.96	891.7	294.2	7.3	1.8	2.6	1.0	40.8	53.9	5.5	9.3
SAI GON CABLE CORP	CSG VH	13.4	4.5	NA	NA	24	105,493	0.5	NA	0.84	NA	NA	NA	15.9	NA	0.8	NA	NA	NA	NA
DRILLING MUD JSC	PVC VH	32.3	15.2	-6.4	-37.7	23	36,997	3.9	NA	3.29	NA	NA	NA	9.8	NA	2.3	NA	NA	NA	NA
SAIGON GENERAL SERVICE JSC	SVC VH	25.1	-6.7	-2.9	-27.8	22	22,277	16.0	3.49	4.06	55.8	16.2	7.2	6.2	1.6	1.2	24.3	24.6	5.2	9.6
HAI JSC	HAI VH	31.0	3.2	9.4	5.7	22	14,807	-7.9	4.19	4.33	10.1	3.3	7.4	7.2	2.3	1.9	29.6	30.3	6.5	6.5
QUANG NINH CONSTRUCTION & CE	QNC VH	28.5	-8.2	7.8	14.6	21	80,827	0.4	NA	4.28	NA	NA	NA	6.7	NA	1.7	NA	NA	NA	NA

Source: Company reports, Bloomberg.

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Sriyan Pietersz
(662) 684 2670
sriyan.pietersz@jpmorgan.com