Vietnam Vista

Weekly Market Update (14 - 18/7/2008)

Vietnam

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- **Stock market round-up:** Despite the VNINDEX dropping slightly on Friday, both floors in Vietnam continued their upward trend. The VNINDEX rose 5.8% W/W to 483.05. The trading value on the HOSE rose 0.3% W/W to US$172.9MM. In Hanoi, the VHINDEX rose 12.5% W/W to 149.68 due to strong performance of a leading stock, ACB, given its good 1H08 results. The trading value on the HASTC was US$66.9MM, up 0.3% W/W. Foreigners remained net buyers on the HOSE with US$12.2MM, but accounted for only 7% of the total turnover, while they turned net sellers on the HASTC with –US$0.6MM.
- **Economy:** According to the forecast of the Ministry of Industry and Trade, imports in 2008 will be US$80.2B—down US$6.5B versus the previous forecast, due to measures to curb imports. Moreover, due to increased input costs, disadvantageous changes in the dong/US$ forex rate and tightened foreign currency management, companies are discouraged from increasing imports and are forced to re-export the speculated imports, which have been piling up at seaports. The FDI in 2008 is likely to exceed US$40B, given the total FDI flow has reached US$35B by July 2008 and negotiations are going on for several projects. 1H08's disbursed FDI remained strong at US$5B, up 37.6% Y/Y, in line with 2008's target of US$10B.
- **Strategy perspectives:** To moderate oil subsidies' burden on the state budget, the government has increased petrol prices, effective July 21, to VND19,000 per liter, a 31% increase. We highlight three key headwinds for the market: 1) securities repo contracts outstanding is still around US$360MM+, in which Sacombank (STB) has a major share; 2) local sentiment could be easily hurt by rising inflationary pressure on higher petrol prices; and 3) potential mark-to-market (MTM) losses could be visible in the upcoming 2Q08 corporate results.
- **Corporate developments:** The highlighted company this week is FPT (FPT VM), a leading IT business in Vietnam.

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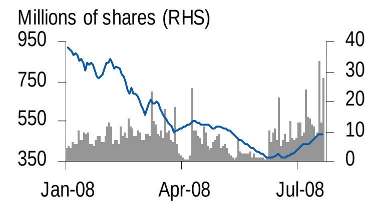
Vietnam: Market at a glance

	HOSE	HASTC
Index	483.05 (+5.8% W/W)	149.68 (+12.5% W/W0
T/O (US$MM)	172.9 (+0.3% W/W)	66.9 (+0.3% W/W)
Market cap (US$B)	12.2	3.6
Number of stocks	153	142
2007 market P/E	13.8	4.2
Foreign net buy/(sell), US$MM)	12.2	(0.6)
Foreign TO as % of market	7.1	0.9
Exchange rate (VND/US$)		16,795
O/N interbank (%)		16.0

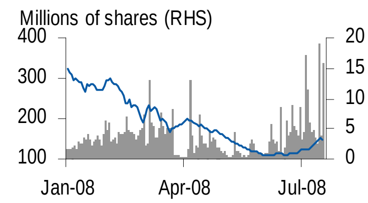
Source: VSE, HASTC, Bloomberg.

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	19.4	O/N	16.0
2-year	19.8	1-week	19.9
3-year	20.0	1-month	19.8
5-year	19.2	2-month	20.0
7-year	16.7	3-month	20.0
10-year	16.8	6-month	19.6

Source: Bloomberg.

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Weekly statistics

Ranked sector returns				Top and bottom five stocks (% W/W)			
One week		One month		HOSE		HASTC	
Consumer Discretionary	13.8	Materials	42.4	SSI VM	15.5	DTC VH	24.8
Industrials	13.1	Industrials	38.6	SFI VM	15.3	CDC VH	21.1
Materials	11.8	Energy	33.3	PAC VM	15.3	VSP VH	21.0
Energy	11.1	Financials	22.5	RAL VM	15.2	PVS VH	21.0
Information Technology	6.2	Consumer Discretionary	16.3	DRC VM	15.2	SCJ VH	21.0
Utilities	5.7	Information Technology	15.3				
Financials	2.7	Consumer staples	15.1	BHS VM	(5.8)	NGC VH	(2.8)
Consumer staples	(1.1)	Utilities	14.1	FMC VM	(5.9)	HUT VH	(10.6)
Telecommunication services	(4.0)	Health care	1.9	BTC VM	(8.3)	HBE VH	(10.7)
Health care	(5.5)	Telecommunication services	1.2	KMR VM	(11.2)	L62 VH	(14.7)
				VKP VM	(13.5)	LUT VH	(15.1)

Source: Bloomberg, VSE, HASTC, JPMorgan.

Top and bottom five most active stocks (shares)			
HOSE		HASTC	
STB VM	1,560,704	ACB VH	696,640
DPM VM	866,438	KLS VH	553,000
HPG VM	735,662	TBC VH	474,580
VTO VM	607,694	PVI VH	218,460
TTP VM	560,606	BVS VH	198,000
SGH VM	1,660	VE9 VH	1,000
TMS VM	1,632	NPS VH	960
SDN VM	1,410	HLY VH	880
VKP VM	720	L62 VH	820
KMR VM	44	HSC VH	200

Source: Bloomberg.

HOSE: Bid/offer

Date	Bid volume	Offer volume
7/14/2008	50,659,050	10,864,370
7/15/2008	54,123,410	13,177,570
7/16/2008	63,410,090	46,084,150
7/17/2008	46,319,960	23,919,560
7/18/2008	38,796,410	53,145,350
Total	253,308,920	147,191,000

Source: VSE, ATP.

HOSE: Foreign activities

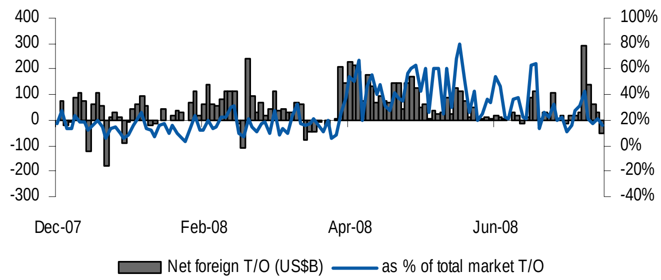
Date	Matching – Buy (VNDk)	Matching –Sell (VNDk)	Put through – Buy (VNDk)	Put through – Sell (VNDk)
7/14/2008	24,900,935.00	67,522,464	0	3,054,000
7/15/2008	68,286,441	119,654,529	499,500	727,500
7/16/2008	261,684,785	87,266,828	1,802,340	4,752,340
7/17/2008	54,704,803	113,531,013	18,907,374	24,457,374
7/18/2008	279,395,855	84,291,915	3,315,600	3,315,600
Total	688,972,819	472,266,749	24,524,814	36,306,814

Source: VSE, ATP.

Market review

Despite the VNINDEX dropping slightly on Friday, both floors in Vietnam continued their upward trend. The VNINDEX increased 5.8% W/W to 483.05. The trading value on the HOSE rose 0.3% W/W to US$172.9MM. In Hanoi, the VHINDEX rose 12.5% W/W to 149.68 due to the strong performance of a leading stock, ACB, given its good 1H08 results. The trading value on the HASTC was US$66.9MM, up 0.3% W/W. Foreigners remained net buyers on the HOSE with US$12.2MM, but accounted for only 7% of the total market turnover; however, they turned net sellers on the HASTC with –US$0.6MM.

Figure 1: Net daily foreign activities on the HOSE



Source: Bloomberg.

Consumer discretionary and industrials were the best performing sectors, increasing 13.8% W/W and 13.1% W/W, respectively. Health care and telecommunications services were the worst performers, declining 5.5% and 4.0% W/W respectively.

The HOSE's rally was led by SSI (+15.5% W/W) and SFI (+15.3% W/W). VKP and KMR were the worst performers, dropping 13.5% and 11.2% W/W, respectively. STB, DPM and HPG topped the list of the most active stocks.

On the HASTC, the top gainers were DTC (+24.8% W/W) and CDC (+21.1% W/W). The top losers were LUT (-15.1% W/W) and L62 (-14.7% W/W). ACB, KLS and TBC remained the most active stocks.

Economic and political review

According to the forecast of Ministry of Industry and Trade, import spending in 2008 will be about US$80.2 billion, down US$6.5 billion compared with the previous forecast due to measures to curb imports. Moreover, due to increased input costs, disadvantageous changes in the dong/US$ forex rate and tightened foreign currency management, companies are discouraged from increasing imports. Currently, there are lots of imported goods—mainly capital equipment and machinery, steel and cast iron, completely built up cars—being piled up at seaports but domestic demand has decreased, which is pushing importers to re-export. Therefore, the import spending of some essential items (such as finished steel, fuel, machinery and equipment, fertilizer and paper pulp) could be US$63 billion in 2008, growing 28.4% Y/Y but declining about U$4.2 billion against the estimate and accounting for 78.6% of the total import spending. As for products manufactured from cast iron, coking coal and petrochemical products, diamond, silver and gold, the import spending will be about US$12.9 billion, rising 32.9% against 2007 but falling US$1.5 billion in comparison with the initial estimate, accounting for 16.1% of the country's total import spending. It is likely that Vietnam government will not grant extra import quota for gold anymore. Commodities subject to import limit, including tobacco materials, consumer goods, vehicle CBUs, accessories and spare parts of motorbikes, the import spending is estimated at US$4.25 billion, up 9.5% Y/Y, accounting for 5.3% of the total imports and down about US$800 million as compared with the plan. (*MOIT*)

FDI in 2008 is likely to exceed US$40 billion. According to the Ministry of Planning and Investment, including the US$3.5 billion university township project in HCM City by Berjava Land Bhd (Malaysia), the total FDI into Vietnam by early July reached US$35 billion, equal to the earlier expected amount for the whole year of 2008. With a series of other projects under negotiations at present, an estimate of US$40 billion for 2008 is likely to be reached. In the first half of the year, FDI tended to move to industrial and constructive projects, accounting for 55.4% of total committed investment capital, while FDI to services accounted for 44%. Despite strong impacts of current economic difficulties to the FDI disbursement, actualized FDI in the first half of this year still reached US$5 billion, rising 37.6% Y/Y due to a boost on FDI disbursements in various localities. Disbursed FDI in 2008 is estimated at US$10 billion in 2008, rising 25% against the previous year. (*Intellasia*)

Strategy perspective: Higher fuel prices could hit market sentiment

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Fuel price hikes could dampen the rally
As we highlighted last week, one of the two major hurdles (fuel price hike and MTM losses for listed companies) has materialized this week with the government's decision to hike domestic petroleum prices by 31% effective July 21.

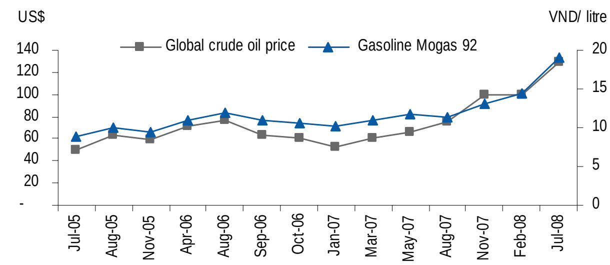
In an attempt to moderate the burden of oil subsidies on the state budget, the government has increased petrol prices, effective July 21, to VND19,000 per liter, a 31% increase from the previous price of VND14,500 per liter. This is the second such price increase in 2008 and puts domestic petroleum prices on par with global crude oil prices. Other types of fuel also witnessed similar adjustments to market levels—kerosene rose 43.9% to VND20,000 per liter, diesel 14.4% to VND15,900 per liter, and mazut oil 36.8% to VND13,000 per liter.

On July 21, the MOF announced that it would reserve VND52+ trillion for oil subsidies in the remaining months of the year if the global crude oil price keep fluctuating around US$145 per barrel, affirming its commitment not to increase fuel prices further.

Fuel accounts for 5-8% of most CPI indices in the region. However, in Vietnam, we believe fuel and related components comprise a slightly lower weight. We estimate that the direct and indirect impacts from higher fuel prices will add 1.0-2.0ppt to inflation in August. We expect inflation to rise to 30%oya in coming months before trending slightly lower by the end of the year.

In addition to the fuel price hike announcement, inflation rose around 1% M/M, nsa in July, according to SBV's officials. It is common for officials to leak data points days before an official release. If true, this would leave inflation in July roughly unchanged from June's 26.8%oya pace, lower than our forecast of 28.0%. Despite increases in domestic fuel prices and our expectation for a slightly higher inflation peak, our overall inflation forecast for 2008 has not changed materially. This reflects our expectation for the July inflation print to be lower than our initial forecast, which should mostly offset the jump in August inflation. Thus, our full-year inflation forecast now stands at 24.7% p.a. versus 24.5% previously, which we will fine-tune further once the official inflation data for July is released later this week.

Figure 2: Global crude oil price and domestic gasoline price



Source: VNExpress.

Recent policy moves: Positives and negatives
While the anticipated inflation boost in Aug-08 could cool market sentiment in the near term, the move to more or less market prices for fuel can be seen as a positive, particularly because such a move puts in place incentives for rationalization of fuel usage. This should also help ease imports in coming months as the fuel import bill moderates.

However, the policy still poses some downside risks to the markets. Comments earlier today by the Vietnamese government regarding the possibility of raising the 30% credit growth cap for 2008 to 40% and reducing lending rates in the event of a moderation in inflation, suggests some trepidation over the prospects for a growth slowdown sharper than currently projected (VN official GDP growth forecast is 7% for 2008). Easing policy too soon could negatively affect market perceptions that the authorities are committed to anti-inflation actions, affecting foreign investor confidence that appears to be gradually returning.

Stock market impact: Watch out for impacts of fuel price hikes and MTM losses in 2Q results
How all of this will play out in terms of the equity market remains a matter of speculation. We highlight three near-term headwinds for the market: 1) securities repo contracts outstanding still around US$360MM+, in which Sacombank (STB) has a major share; 2) local sentiments could be easily hurt by rising inflationary pressure on higher petroleum prices; and (3) potential mark-to-market (MTM) losses that may become visible in the upcoming 2Q08 corporate results season.

While allowing the market to adjust to real prices appears to be a step in the right direction, a potential additional hit to sentiment from MTM losses on portfolio holdings as mandated by the SSC could provide further and more transparent buying opportunities for patient investors.

Corporate news

Financials

Banks in HCMC have released strong 1H08 earnings report, attributed to stronger revenue from banking services rather than lending activities. Sacombank (STB VM) announced pre-tax profit of VND754 billion (US$45 million), up 23% Y/Y, in 1H08. Bank for Investment and Development of Vietnam, or Bidv, posted a 44% Y/Y increase in its 1H08's pre-tax profit of VND604 billion (US$36 million). Eximbank, reported a pre-tax profit of VND723 billion, while Dong A Bank reported more than VND404 billion and Vietnam International Bank VND323 billion pre-tax profits. In the first half of 2008, banks have had to cope with many difficulties, including a 30% limit on credit growth and increasing interest rates. Commercial banks cannot raise their lending rate above 21% per year, or impose extra fees or ask for loan security to increase the rate. Therefore, the difference between deposit and lending interest rates is only around 2-3% per year, which only covers their operating expenditures. Most banks said their profit in the first six months of the year came from banking services, such as ATM transactions and foreign currency trading.

Societe General bought 15% stake in South East Asia Bank (SeABank). The value of the deal has not been disclosed yet. SeABank has total assets of US$1.2 billion and a capital base of VND3 trillion. Its shares were quoted at around VND13,500 on the OTC market, valuing the bank at US$246 million. SeABank reported a big jump in loans in 1H08 and said it expected its lending to jump 145% in 2008, at odds with the central bank's drive to slow down credit growth in the country. SeAbank, the 12th-largest among Vietnam's 37 partly private banks, has projected to raise its capital base by 67% to VND5 trillion by the end of this year. (*Intellasia*)

Real Estate

SC5 implements new project worth US$19.3 million. SC5 began the grounding ceremony of a new project called "Build-Operate-Own Dong Tam water manufactory and Tien Giang clean water transfer system". This is the second project that SC5 bid overseas and won the contract worth US$19.3 million. The project's duration is 18 months from 14 July 2008. SC5 has accomplished several other large projects such as "Pipe system for Saigon River water factory" worth US$2.1 million, and "Water pipe system for water factory in Ba Ria" worth US$2.9 million. According to 1Q08, SC5 posted an after-tax profit of US$1.19 million, up 248 % Y/Y. SC5 share closed at VND30,400 or US$1.8, an increase of 2.70% D/D. *(ATPVietnam)*

Energy

PetroVietnam group is seeking the government's approval to triple annual capacity of the Dung Quat oil refinery to 16.5 million tons. Dung Quat oil refinery, the first of its kind in Vietnam, has been designed to have a total capacity of 6.5 million tons. The expansion will enable the refinery to operate more effectively to meet the domestic demand for petroleum products and contribute to Vietnam energy security. The US$2.5-billion oil refinery, with expected products of propylene, liquefied petroleum gas (LPG), lead-free petrol, diesel and fuel oil, is under construction in central Quang Ngai province, and is estimated refine 33 per cent of the country's entire demand for petrol and oil once fully operational in February 2009. Without major refineries, Vietnam has to import almost all petroleum products for domestic consumption. In the first six months, the country spent US$5.92 billion importing 6.81 million metric tons of petroleum products, up 68.9 per cent on year and 4.4 per cent, respectively, said the General Statistics Office (GSO). (*Vietnam Investment Review*)

PetroVietnam group plans to operate five new oilfields sooner than its scheduled in a bid to fulfill its set target to produce between 15.5 million and 16 million tons of crude oil this year. The group is working urgently to tap five oil wells ahead of schedule, including Su Tu Vang, Ca Ngu Vang, Phuong Dong, Song Doc and Bunga Orkid with a combined production output of about 100,000 barrels a day. Ca Ngu Vang (Gold Tuna) and Bungaorkid (Malaysia) wells are expected to bring out the first barrels later this month [July], according to Petro Vietnam. Phuong Dong well will be tapped in August this year, and Su Tu Vang (Gold Lion) and Song Doc in September.

PetroVietnam is calling for foreign investment in exploring and producing oil and gas in potential areas, while seeking overseas investment opportunities and purchase of oil and gas wells in Africa, America, former SNG countries and Southeast Asia. The group is finalizing negotiations to sign contracts on oil and gas exploration and exploitation in Russia and Venezuela. It is also taking drastic measures to speed up construction paces of national key oil and gas projects.

In 1H08, PetroVietnam produced 10.8 million tons of oil equivalents from 7.2 million tons of crude oil and 3.6 billion cubic meters of natural gas. The group obtained revenues of VND142,342 billion (US$8.67 billion), including US$5.6 billion from crude oil exports, and contributed VND50.53 trillion (US$3.08 billion) to the state budget in the January-June. (*Thanh Nien Daily, VNA, Labor*)

Utilities

Vietnam's commercial electricity output increased 15.6% Y/Y to 31.82 billion kWh in 1H08. Among total power production volume of 36.44 billion kWh in the Jan-Jun period, Electricity of Vietnam Group (EVN) produced 25.33 billion kWh, up 10.7 per cent on year while the rest was mobilized from local and foreign sources, up 15.6 per cent on year, EVN said. Up to 16.32 billion kWh of commercial power was provided for the country's industry and construction sectors, up 20.1% Y/Y. Power consumption by households hit 12.79 billion kWh during the period, up 10.7% Y/Y and 2.71 billion kWh of electricity was supplied for commerce and hotel sectors, up 15.1% Y/Y. EVN also raised total output of hydro power plants by 25% to 9.4 billion kWh during the time. The Ministry of Industry and Trade said the power production faced difficulties in the period due to lower water levels of hydroelectricity lakes during dry season and higher electricity demand in the wake of gas and petroleum price hikes. Given some new power plant projects have been delayed in process, Vietnam is forecast to face a severe power shortage of between 1,500 MW and 2,500 MW from 7:00 am to 9:00 pm daily in July this year, said the National Electricity Dispatching Center (Ao). The country's power shortfall is estimated at 8.6 billion kWh for the whole year 2008. (*Vietnam & World Economy*)

Company Visit Note

FPT Corporation

FPT is the leading information communication technology (ICT) company in Vietnam. The company is branching into other areas including property and financial service and following Softbank Japan closely. The company's FY07 pre-tax earnings increased 67% and margin expanded 55bp.

- **Leading mobile and IT products distributor:** The company is the exclusive distributor of Samsung products and has market share of 85-90% in Nokia and Motorola handsets. It is also the exclusive distributor of the IT products of Microsoft, Cisco, and IBM in Vietnam.
- **Above-target 1H08 results yet the company has lowered its guidance:** The 1H08 results showed that pre-tax earnings rose 24.6% Y/Y to VND631B, or 21.8% over the company's half-year target. Revenues reached VND8.67T, +47.1% Y/Y. The 1H08 pre-tax margin was 7.27%, which is 71bp higher than in FY07 due to the strong increase in telecom services (34% of EBT in 1H08 versus 23% of EBT in 1H07).
- **The stock trades on an FY07 P/E of 10.6x, at a discount to the HOSE P/E of 10.9x.** FPT has outperformed the market by 4.1% in the past month, and has increased almost 30% in absolute terms.

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Bloomberg: FPT VM, Reuters: FPT.VM; Historical financials

VND in millions, year-end December	FY06	FY07
Sales	11,398,005	13,498,891
Net income	450,436	737,469
EPS (VND)	5,198.92	6,439.77
DPS (VND)	1200.00	3600.00
Net debt (cash)/equity (%)	7.1	17.9
Sales growth (%)	NA	18.4
Net profit growth (%)	60.6	63.7
EPS growth (%)	16.2	23.9
ROE (%)	40.7	41.6
P/E (x)	13.1	10.6
P/B (x)	3.8	3.9
Dividend yield (%)	1.8	5.3

Source: Company reports, Bloomberg.

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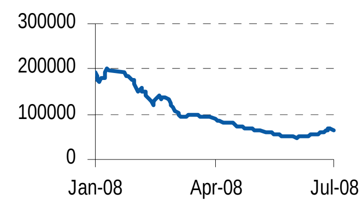
FPT VM, Not Covered

VND68,000, Jul 18, 2008

Share price performance



Source: Bloomberg.

One-year price performance

	1M	3M	12M
Absolute (%)	29.5	(25.7)	(75.9)
Relative (%)	4.1	(16.3)	(51.2)

Source: Bloomberg.

Company data

52–week range (VND)	301,000-46,700
Mkt cap. (VNDB)	6,337
Mkt cap. (US$MM)	377
Shares O/S (MM)	93.2
Free float (%)	100
Daily liquidity (US$MM)	1.3
Exchange rate (VND/US$)	16,795
Index: VNI	483.05
Year-end	Dec

Source: Bloomberg.

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See page 19 for analyst certification and important disclosures, including non-US analyst disclosures.

Key takeaways from the meeting

The Corporation for Financing and Promoting Technology (FPT VN)

Above-target 1H08 results, yet lower guidance

The company has just announced its 1H08 results; its pre-tax earnings rose 24.6% Y/Y to VND631B, or 21.8% over the company's half-year target. Revenue increased to VND8.67T, +47.1% Y/Y. The 1H08 pre-tax margin was 7.27%, which is 71bp higher than in FY07 due to the strong increase in telecom services (34% of EBT in 1H08 versus 23% of EBT in 1H07).

Telecom and software outsourcing together contributed over 10% of the revenue, but more than 55% of pre-tax earnings. These two key earning drivers delivered growth in 1H08; however there was a slowdown in software outsourcing, which grew 105% Y/Y during 1Q08 but only increased 33.1% Y/Y, in 1H08. Mobile phone and IT distribution was still the largest contributor to revenue and net profit at 73% and 43%, respectively.

Table 1: Breakdown of 1H08 results

Business line	Revenues (VNDMM)	% target	% Y/Y	as % of Total	EBT (VNDMM)	% target	% Y/Y	as % of Total
Information system	1,187,738	109.8%	88.9%	13.7%	101,554	128.2%	20.5%	16.1%
In which:								
PM and PM services	*112,191*	*104.5%*	*110.6%*	*1.3%*	*41,035*	*172.6%*	*191.6%*	*6.5%*
Technology services	*57,606*	*114.6%*	*89.1%*	*0.7%*	*14,156*	*178.6%*	*38.8%*	*2.2%*
Hardware	*1,017,941*	*110.1%*	*86.8%*	*11.7%*	*46,363*	*97.5%*	*-22.7%*	*7.3%*
Software outsourcing	299,455	104.0%	69.5%	3.5%	106,767	119.4%	33.1%	16.9%
Telecom	581,932	114.2%	57.3%	6.7%	245,257	182.7%	127.1%	38.9%
Training	54,807	128.7%	120.3%	0.6%	24,043	239.4%	214.4%	3.8%
Distribution	6,316,145	111.1%	35.6%	72.8%	273,541	138.4%	25.5%	43.4%
In which:								
IT distribution	*1,670,622*	*111.4%*	*68.6%*	*19.3%*	*69,988*	*150.0%*	*9.3%*	*11.1%*
Handset distribution	*4,645,523*	*110.9%*	*26.7%*	*53.5%*	*203,553*	*134.8%*	*32.3%*	*32.3%*
Retail	120,367	77.7%	2099.0%	1.4%	-14,557	288.6%	965.4%	-2.3%
Financial services	0			0.0%	-13,814			-2.2%
Real estates	0			0.0%	-11,147	2503.8%		-1.8%
Media	88,199	197.7%	166.0%	1.0%	12,380	135.5%	48.3%	2.0%
Warranty services	24,291	147.7%		0.3%	6,439	383.3%		1.0%
Others	3,723	90.2%	29.1%	0.0%	393	18.7%	-124.7%	0.1%
Total software and services	*1,222,204*	*115.0%*	*76.8%*	*14.1%*	*450,470*	*161.8%*	*98.5%*	*71.4%*
Total FPT Front Office	*8,676,657*	*110.0%*	*47.1%*	*100.0%*	*730,857*	*141.1%*	*45.2%*	*115.8%*
Back Office	0			0.0%	-99,932			-15.8%
Total FPT	8,676,657	110.0%	47.1%	100.0%	630,924	121.8%	24.6%	100.0%

Source: Company reports.

Looking forward, however, management has reduced its guidance for the year due to the unfavorable economic environment.

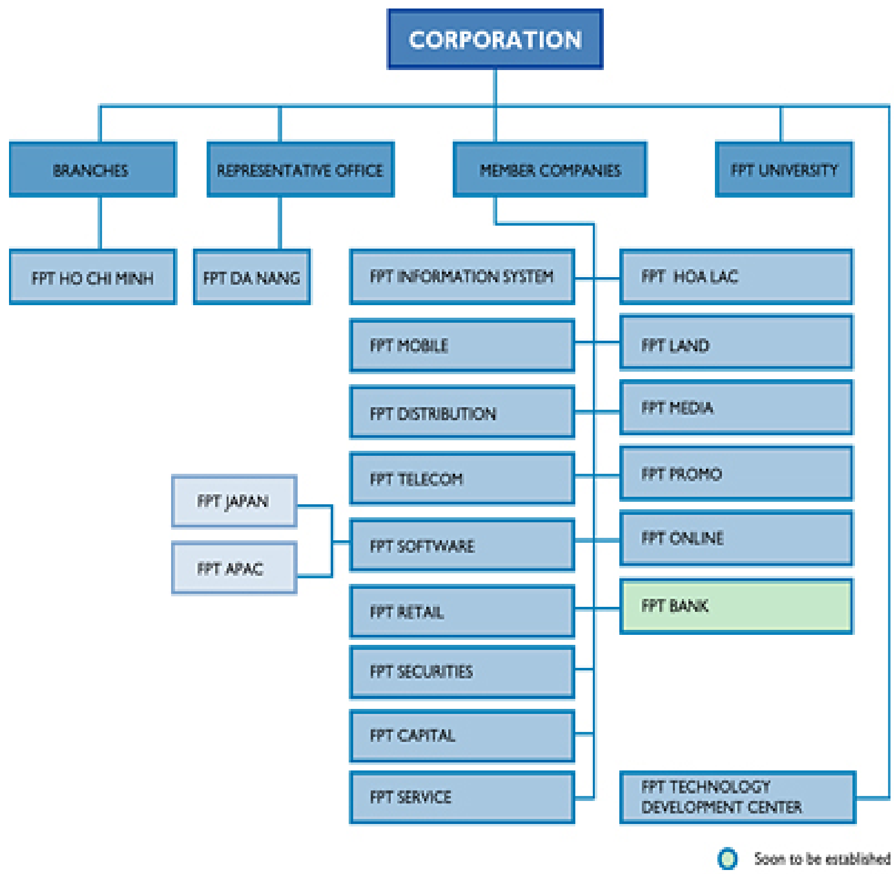
- Revenue: The company reduced its target by 19%, but says revenue will still grow by 8.4% compared to FY07.
- Profit: The company cut its earlier target by 9.5%, but says profit will grow by 15.6% compared to FY07.

FPT is closely following Softbank's model in Japan

Background and scope of business

FPT is a telecom/IT conglomerate. Established in 1988 with just a 13-member operation, the company's business lines now include handset and IT distribution, systems integration, software outsourcing, telecom services, education, media, financial services and property development. The company was listed on the HOSE in December 2006. Having a close connection with Softbank Japan, which also started out as a mobile distributor, FPT is closely following Softbank's model.

Figure 3: Organization chart



Source: Company reports.

Business lines

Handsets and IT distribution

Exclusive distributor of Samsung's products and has a market share of 85-90% in Nokia and Motorola handsets

FPT is the leading distributor for Nokia, Samsung and Motorola. The company is the sole distributor for Samsung, and has a 90% market share for Motorola products. As for the Nokia brand (accounts for 50% of total handsets sale in Vietnam), there are four distributors in the market; however, FPT has still managed to maintain a market share of 85%. FPT Mobile is the distribution arm for Samsung and Motorola, while FPT Distribution is the distributor of Nokia and other IT products.

FPT sells only GSM handsets, since CDMA handsets in Vietnam are distributed directly through operators. The average handset retail price is US$120. The import duty has been reduced from 30% a few years ago to just 5% currently, squeezing competition from the grey market. Also, second-hand phones are not making much of a difference because of Vietnamese customer preferences.

Historically, the company has only been a wholesaler, but it says it will expand into retail. FPT wants to sell other IT products such as notebook computers and iPods, together with handsets in the retail channel. Currently, the company has nine retail stores and does not plan to open new stores until end of 1H08; the company says this will help monitor performance.

Retail business has been underperforming the company's expectations…

According to management, the retail business has been performing below its expectations due to the new brand *[In] Store*, and higher pricing. Even with an extensive branding campaign, customers are unfamiliar with the *[In] Store* brand. Admitting the problem, the company says that it might switch back to FPT brands.

… but solution is under way

As it is a wholesaler, FPT has to sell at a slightly higher price than other retail distributors in order not to upset them. So the company is planning to use the quality of customer services as a differentiating factor.

According to management, by 2009-10, competition will be fiercer given foreigner manufacturers can start distributing directly.

Telecom services

FPT strategy is to be a triple-play provider using all the IP networks. Internet access is the main business, but is also a platform to sell voice and IPTV services.

330,000 ADSL subscribers and 5,000 Wifi hotspots

The company has more than 1 million subscribers, among which 330,000 are ADSL subscribers mainly in Hanoi and Ho Chi Minh. FPT is planning to expand networks to other cities across the country. The company is also the first in Vietnam to provide fiber optic leased line targeting corporate customers. It is building its own network and is not sharing or collaborating with other service providers. In addition, FPT is deploying city-wide WiFi networks in large cities similar to the strategy adopted in Singapore. Currently, it has more than 5,000 WiFi hotspots in Hanoi and HCMC.

The company says that in order to be competitive it has to be nimble and provide a good quality of service. It does not need to differentiate on price to succeed.

Among the four licensed testers for Wimax

The company believes that the catalyst for the future could include Wimax as it is among the four licensed testers; the company however says that it may not bid for a 3G license. As FPT's current strategy is triple play, the current fixed line plus Wimax license will fulfill its requirement for a 3G license. However, timing on a Wimax license is not yet certain and could be a few years away. The company says it may want to cooperate with a strategic partner once it gets the license.

The company also owns the most popular website in Vietnam www.vnexpress.net, according to Alexa.

Vietnam software outsourcing is one-third cheaper than India and two-third less than China

Software outsourcing

Currently FPT has 2,600 software programmers, the single largest team in Vietnam. With wages one-third lower than in India and two-thirds less than in China, Vietnam has a competitive advantage. Besides, the demography of Vietnam is very good for this business. There are more secondary school students in Vietnam than in Japan despite the smaller population base. On quality, the company's outsourcing division has achieved the highest standards CMMi-5 (by SEI - US, among 150 software firms in the world), and BS7799 (UK standard).

50% of the customers are from Japan and include leading companies such as Toshiba, Sanyo, and NTT. In the US, customers include Microsoft, HP and IBM. The company opened a office in Singapore, and is trying to cut out the middle man in the EU by directly dealing with offices in England and France.

Developing specific skills to promote outsourcing industry

Education

To solve the human resource problem, FPT is trying to create a talent pool for the future growth in the outsourcing industry. The company aim is to develop a "chain" of universities across the country based on the current model. The first FPT University has more than 2,000 students.

Besides the university, the company also has two training centers, FPT Arena and FPT Aptech. These two award specific certificates on .NET, J2EE, ACCP2005, and Multimedia Applications.

Systems integration

FPT's major customers for systems integration include the Vietnamese government, institutions and banks. The company has 1,700 engineers, while its nearest competitor only has 150. Despite having a leading position in a good business, FPT is experiencing slower growth rates. So system integration is not part of the long-term strategic direction for the company in the domestic market. FPT is expanding the businesses in the region, specifically Thailand and Cambodia.

New initiatives in property and financial services

Toward the second half of 2007, FPT expanded its business to financial services including securities/banks/asset managements, and property. The company wants to leverage its edge in technology to these new areas. In the long term, FPT has made a commitment that it will minimize risks to its minority shareholders. The total investments by end of FY07 reached VND330 billion (US$21 million).

Financial services

The company recently received a license to establish its own FPT Bank. The charter capital will be VND1,000 billion, in which FPT will hold a stake of 15%.

FPT Securities has only been in operation since 4Q07, but is already profitable. FPT invested VND110 billion, which represents 25% of the company.

On the asset management side, FPT established the VND110 billion, FPT Capital, in which FPT will have a 33% stake. FPT Capital signed a deal with SBI Holdings Inc., an arm of Softbank Group of Japan, to establish the US$100 million Japan-Vietnam fund.

Property

FPT has two property subsidiaries, FPT land and FPT Hoa Lac. FPT land's main function is to develop office buildings for FPT's own use. Currently the company has more than 9,000 employees and is expanding. Instead of paying a lot for office rent, FPT will develop about five office buildings. The first 15-storey office building in Cau Giay Hanoi was completed by FPT Land in September last year, and is now the headquarters of the company with more than a 20,000 sqm GFA.

FPT Hoa Lac is in charge of developing the long-awaited high-tech park Lang Hoa Lac, 30km away from Hanoi, with a total investment for Phase I of around US$100 million.

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FPT: Summary historical financials

VND in millions, year-end December

Profit and loss statement	FY06	FY07
Revenues	11,398,005	13,498,891
% change Y/Y	NA	18.4
Gross margin (%)	12.0	14.5
EBITDA	678,098	1,080,716
% change Y/Y	70.8	59.4
EBITDA margin (%)	5.9	8.0
EBIT	582,083	918,365
% change Y/Y	64.2	57.8
EBIT margin (%)	5.6	7.2
Net interest	-57,961	-32,181
Earnings before tax	524,123	886,184
% change Y/Y	62.3	69.1
Tax	73,687	148,715
as % of EBT	14.1	16.8
Net income (reported)	450,436	737,469
% change Y/Y	60.6	63.7
Shares outstanding (MM)	61	92
EPS (reported) (VND)	5,198.92	6,439.77
% change Y/Y	16.2	23.9

Cash flow statement	FY06	FY07
EBIT	582,083	918,365
Depreciation & amortization	96,015	162,351
Change in working capital	-436,063	-199,282
Taxes	73,687	148,715
Cash flow from operations	110,388	700,538
Capex	-229,949	-504,306
Disposal/ (purchase)	0	0
Net interest	57,961	32,181
Free cash flow	122,746	45,168
Equity raised/ (repaid)	656,110	247,798
Debt raised/ (repaid)	-179,883	468,218
Other	3,830	62,715
Dividends paid	-103,968	-412,264
Beginning cash	415,058	669,452
Ending cash	669,452	895,515
DPS (VND)	1,200.00	3,600.00

Balance sheet	FY06	FY07
Cash and cash equivalents	669,452	895,515
Accounts receivable	1,756,845	1,849,283
Inventories	584,485	1,428,218
Others	63,598	169,606
Current assets	3,074,380	4,342,622
Long-term investments	13,296	321,827
Net fixed assets	299,652	641,607
Total assets	3,409,220	5,356,052
Liabilities		
Short-term loans	658,784	1,249,346
Payables	867,823	1,734,554
Others	67,427	43,592
Total current liabilities	1,594,033	3,027,492
Long-term debt	122344	0
Other liabilities	3,830	66,545
Total liabilities	1,720,207	3,094,037
Shareholders' equity	1,565,823	1,979,409
BVPS (VND)	18,072.7	17,284.7

Ratio analysis %	FY06	FY07
EBITDA margin	5.9	8.0
Operating margin	5.6	7.2
Net profit margin	4.0	5.5
SG&A/sales	6.4	7.3
Sales per share growth	-41.5	-10.4
Sales growth	NA	18.4
Net profit growth	60.6	63.7
EPS growth	16.2	23.9
Interest coverage (x)	10.0	28.5
Net debt to total capital	4.8	11.0
Net debt to equity	7.1	17.9
Sales/assets	405.0	308.0
Assets/equity	2.5	2.5
ROE	40.7	41.6
ROCE	29.4	32.9

Source: Company reports.

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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.

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.

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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.

Appendix IV: HOSE—Top 20 weekly valuations

Price as of Jul 18, 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	59.0	23.8	25.6	NA	1,342	895,321	16.4	4.52	3.50	79.6	-22.5	13.1	16.9	1.8	5.0	24.9	29.4	0.0	0.0
SAIGON THUONG TIN COMMERCIAL	STB VM	47.6	13.7	-12.7	-1.6	1,270	1,869,518	30.0	1.95	3.21	20.9	64.5	24.4	14.8	3.5	1.7	22.8	27.4	3.2	3.2
VINH SON - SONG HINH HYDROPO	VSH VM	114.0	9.6	5.1	14.7	940	172,433	24.9	2.18	1.98	203.9	-8.8	52.4	57.5	10.6	2.1	20.8	15.3	1.1	1.1
TAN TAO INDUSTRIAL PARK CORP	ITA VM	97.0	-3.3	53.4	81.2	669	75,693	38.7	3.45	3.84	-3.4	11.2	28.1	25.3	8.8	3.0	30.5	19.0	1.9	1.9
HOA PHAT GROUP JSC	HPG VM	53.5	29.8	27.2	NA	630	425,119	30.4	2.40	3.77	2141.0	57.3	22.3	14.2	4.9	3.1	24.4	37.0	3.7	0.0
CORP FOR FINANCING AND PROMO	FPT VM	68.0	3.7	-16.7	-51.4	380	267,479	26.6	9.26	8.06	33.1	-13.0	7.3	8.4	2.6	2.8	48.3	41.6	2.2	4.4
SAIGON SECURITIES INC	SSI VM	36.2	41.1	1.2	NA	297	449,736	49.0	6.52	8.38	29.7	28.5	5.6	4.3	2.0	1.5	37.8	32.8	8.3	8.3
PHA LAI THERMAL POWER	PPC VM	13.4	-3.8	-12.8	11.3	261	324,179	16.7	3.19	2.53	4748.5	-20.7	4.2	5.3	3.8	2.5	26.0	21.9	9.0	9.0
PETROVIETNAM DRILLING AND WE	PVD VM	31.6	20.8	19.7	55.9	250	210,176	29.7	1.83	3.66	48.9	100.0	17.3	8.6	2.7	6.4	16.4	43.1	4.7	12.7
KINHDO CORPORATION	KDC VM	84.0	-19.3	-22.2	-25.8	232	60,882	40.1	6.21	6.69	40.8	7.7	13.5	12.6	4.3	1.2	31.0	15.8	1.9	1.9
SOCIETE DE BOURBON TAY NINH	SBT VM	26.8	-12.8	-7.9	NA	228	160,031	36.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	12.6	NA	NA
VIET NAM DAIRY PRODUCTS JSC	VNM VM	21.7	-4.1	0.1	31.5	228	142,568	45.7	4.60	5.59	20.0	21.4	4.7	3.9	1.3	4.2	29.4	27.3	7.8	7.8
NAM VIET CORP	ANV VM	49.5	-22.9	-8.2	NA	195	61,018	21.2	4.44	5.61	267.8	26.4	11.2	8.8	2.7	1.9	40.8	NA	0.0	4.0
DONG PHU RUBBER JSC	DPR VM	71.0	20.8	43.8	NA	170	70,497	14.3	5.27	5.76	-12.5	9.3	13.5	12.3	4.8	4.1	31.0	40.4	0.0	2.1
DHG PHARMACEUTICAL JSC	DHG VM	135.0	-24.6	-15.0	43.7	162	50,532	39.1	8.71	6.36	57.2	-27.0	15.5	21.2	6.3	4.0	46.3	31.0	1.9	1.5
VINPEARL JSC	VPL VM	24.8	-17.2	8.0	NA	149	13,119	20.1	NA	1.24	NA	NA	NA	20.0	NA	11.2	NA	12.4	NA	NA
TAICERA ENTERPRISE COMPANY L	TCR VM	72.5	-11.6	-10.5	-0.4	146	14,256	49.0	11.32	2.21	-18.5	-80.5	6.4	32.9	0.7	0.8	13.2	13.2	0.0	0.0
PETROVIETNAM GENERAL SERVICE	PET VM	43.8	29.6	18.5	NA	127	148,581	9.1	NA	1.12	NA	NA	NA	39.2	NA	2.0	NA	13.0	NA	NA
GEMADEPT CORP	GMD VM	45.6	-10.8	-23.2	-33.1	119	104,619	49.0	3.85	4.53	-1.7	17.7	11.9	10.1	2.6	0.9	21.9	13.9	2.6	3.5
VIETNAM TANKER JSC	VTO VM	32.9	-16.7	-19.2	NA	118	411,194	11.2	2.00	4.70	119.8	134.2	16.4	7.0	3.3	1.7	20.0	33.8	3.6	3.6

Source: Company reports, Bloomberg.

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Appendix V: HASTC—Top 20 weekly valuations

Price as of Jul 18, 2008	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
Exchange rate = 16,795.00		(VNDk)	(%)	(%)	(%)	(US$MM)	(Shares)	(%)	(VNDk)	(VND)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
ASIA COMMERCIAL BANK	ACB VH	67.0	17.4	-8.6	-2.2	1,056	643,883	30.0	3.91	8.10	27.0	107.1	17.1	8.3	4.8	2.7	30.0	44.5	5.7	6.6
KINHBAC CITY DEVELOPMENT SHA	KBC VH	129.3	-19.5	34.5	94.4	1,055	12,512	25.5	2.45	3.02	-61.2	23.5	52.8	42.8	10.4	7.9	15.0	NA	0.0	0.0
PETROLEUM TECHNICAL SERVICES	PVS VH	43.7	44.1	6.4	-14.6	262	297,110	7.1	1.34	3.19	2.5	138.1	32.6	13.7	4.4	3.6	17.0	NA	2.7	0.0
PETROVIETNAM INSURANCE JSC	PVI VH	30.5	24.5	-5.3	-8.8	188	308,661	16.0	1.70	3.65	-60.7	115.2	18.0	8.4	3.1	1.6	13.7	20.2	3.3	3.5
VIETNAM NATIONAL REINSURANCE	VNR VH	31.2	-12.3	6.3	-0.2	126	10,153	30.1	1.31	1.84	0.7	40.9	23.9	16.9	3.5	2.4	15.7	14.2	4.2	11.6
BAO VIET JS SECURITIES CO	BVS VH	46.1	13.8	-33.7	-49.2	124	135,407	27.5	5.28	5.28	126.3	0.0	8.7	8.7	1.6	3.5	19.6	41.9	4.3	4.6
BUT SON CEMENT JSC	BTS VH	14.7	-26.1	-19.3	-4.3	83	30,560	9.2	0.81	1.10	11.3	34.5	18.0	13.4	1.4	1.3	7.6	NA	4.1	5.3
BIM SON CEMENT JOINT STOCK C	BCC VH	14.6	-24.5	-5.8	5.7	83	85,653	13.8	0.81	1.51	-15.5	86.5	18.0	9.7	1.4	1.2	7.6	NA	4.8	3.2
VINASHIN PETROLEUM INVESTMEN	VSP VH	80.9	44.4	17.5	-5.4	67	26,567	1.9	4.36	18.09	482.2	314.6	18.5	4.5	5.1	2.6	40.7	78.0	1.2	1.9
TIEN PHONG PLASTIC JSC	NTP VH	45.0	27.2	-5.0	-12.6	58	157,603	15.9	6.76	5.79	-10.1	-14.4	6.7	7.8	4.0	2.6	50.4	42.9	15.6	15.6
THAC BA HYDROPOWER JSC	TBC VH	15.2	-18.9	2.8	24.8	58	237,453	0.7	0.87	1.26	-1601.6	44.0	17.4	12.1	1.5	1.3	8.4	NA	7.9	7.9
KIM LONG SECURITIES CORP	KLS VH	14.7	10.5	-31.7	NA	44	532,567	0.9	NA	1.93	NA	NA	NA	7.6	NA	NA	NA	NA	NA	NA
NAM VANG CORP	NVC VH	32.2	-22.3	5.3	NA	31	73,990	1.1	NA	2.69	NA	NA	NA	12.0	NA	2.1	NA	NA	NA	NA
HAIPHONG SECURITIES JSC	HPC VH	26.0	2.3	-10.4	-46.1	30	134,903	5.0	3.03	11.96	891.7	294.2	8.6	2.2	3.1	1.2	40.8	53.9	4.6	7.9
VINACONEX ADVANCED COMPOUND	VCS VH	41.3	44.9	31.9	24.5	29	17,500	11.5	NA	5.52	NA	NA	NA	7.5	NA	2.3	NA	NA	NA	NA
SAI GON CABLE CORP	CSG VH	15.7	22.3	NA	NA	28	108,097	0.6	NA	0.84	NA	NA	NA	18.6	NA	0.9	NA	NA	NA	NA
HAI JSC	HAI VH	37.6	23.9	23.2	21.7	27	13,520	4.7	4.19	4.33	10.1	3.3	9.0	8.7	2.7	2.3	29.6	30.3	5.3	5.3
DRILLING MUD JSC	PVC VH	37.0	30.9	-5.6	-34.1	27	30,083	3.9	NA	3.29	NA	NA	NA	11.2	NA	2.6	NA	NA	NA	NA
SAIGON GENERAL SERVICE JSC	SVC VH	29.3	8.2	-0.2	-24.3	26	22,247	16.1	3.49	4.06	55.8	16.2	8.4	7.2	1.9	1.3	24.3	24.6	4.4	8.7
QUANG NINH CONSTRUCTION & CE	QNC VH	34.1	10.2	13.7	17.9	26	75,107	0.4	NA	4.28	NA	NA	NA	8.0	NA	2.0	NA	NA	NA	NA

Source: Company reports, Bloomberg.

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