

VIETNAM

Stock Market Review

Monthly Report

November 2008

Vietnam International Securities Co. – VIS

Address:

3rd Floor, 59 Quang Trung,
Hai Ba Trung, Hanoi
Tel: (84-04) 9445888
Fax: (84-04) 9445889
Website: www.vise.com.vn

Head of Research

Nguyen Thanh Binh
binhnt@vise.com.vn

Analysts

Luu Thi Hien
hienlt@vise.com.vn

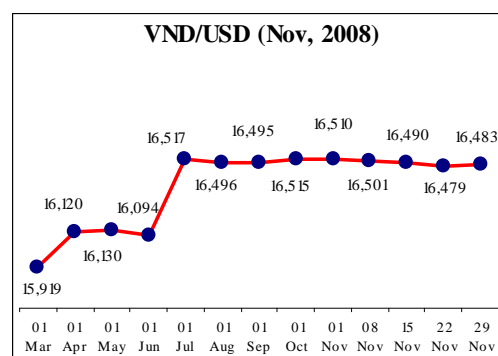
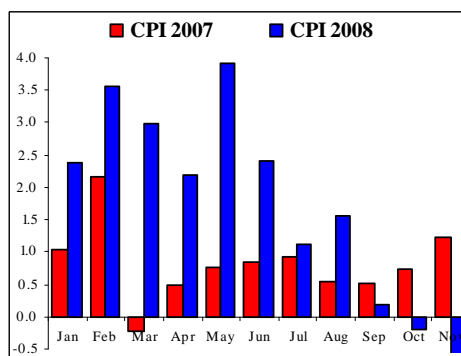
Ngô Nguyễn Thanh Tâm
tamnt@vise.com.vn

Copyright @ VIS 2008

HEADLINES

Vietnam

- **Production increased slower than previous months.** Industry production in 11 months of 2008 was VND 601 trillion, up 15.6% over same period last year. Fishery output in November reached 409 thousand tones, up 3.4% over last year November. Total fishery output in the year 2008 rose by 8.9% year on year, equivalent to 4.2 million tones, according to the General Statistic Office (GSO).
- **There was one more month of deflation.** CPI was down 0.76% over last month due to decreasing consumer demand and gasoline price. Transportation and housing cost fell by 4.4% and 4.9%, respectively, while food prices declined by 3.1%. On the other hand, beverage & tobacco and garment, textiles were up slightly by 0.9% and 0.86% respectively. Inflation rate in 2008 is forecasted at 23.15%, according to Ministry of Planning and Investment.
- **Trade deficit continuously expanded.** Export and import fell by 4.8% and 7.1% over last month, respectively. This was the third consecutive month of export contracting. Export turnover in the first eleven months of 2008 was USD 58.5 bil, up 34% against same period last year. There were some new potential export markets for Vietnamese goods in this crisis, namely Russia, Ukraine (fishery) and Africa (rice). Total import values grew by 38.4% to USD 75.4 bil. Trade deficit the first eleven months of 2008 reached to USD 16.9 bil, up 71% over same period last year.
- **FDI slowed down.** There were 106 new FDI projects in November with total registered capital of USD 726 mil down 64% compared to last months in terms of capital registered. So far, there were 1.059 FDI projects with capital commitments of USD 60 bil in the year 2008 which is more than doubled of total capital registered in the year 2007. Industrial and construction sectors were two major investment areas, accounted for 55.1% of FDI capital with 537 projects valued USD 32.5 bil. However, there was a big gap between FDI commitments and FDI disbursement. Total FDI realized up to now was only USD 10 bil, equivalent to one sixth of total FDI committed. Top three countries leading in FDI investments in Vietnam were Malaysia, Taiwan and Japan.
- **Interest on reserve deposits adjusted down to 9% p.a.** The VND denominated prime interest was slashed by 1% to 10% while refinancing and discount rate had been cut down to 12% and 10%, respectively, according to the last decision from the State Bank of Vietnam (SBV). The ceiling rate for lending of financial institutions was limited at 16.5% p.a.
- **VND/USD exchange rate decreased slightly.** The State Bank of Vietnam (SBV) had decided to widen the trading band to +/-3%. The exchange rate quoted by commercial banks increased almost the ceiling limit immediately after the regulation release. In the black market, the dollar has been trading around the level of 17.300.
- **Stock market continued to going down.** VN-Index and HASTC-Index fell by 9.8% and 7.1% in November to close at 314 points and 104 points at the month-end, respectively. Foreign investors continued their intensive sale activities with the net selling position of VND 658 bil (USD 39 mil), down 60% over last month. Local investors seemed to be cautious in this critical time and delayed their trading activities until the market sign to be more clearly and the final decision of the government on the application of income tax on securities investment.



HOSE

VNIndex 314.7 **Monthly change -32.3 (9.3%)**
 Ave. trading value 456,973 mil VND


Top 5 Winners

Ticker	Closing		Ticker	Closing	
	Price	%		Price	%
RIC	18.5	36.0	OPC	26.0	-56.3
RHC	23.9	32.8	HLA	13.6	-53.1
HRC	31.5	28.0	TSC	34.2	-35.5
VPL	100.0	17.7	CYC	9.6	-33.8
SAF	20.4	15.3	ACL	22.6	-33.3

Top 5 Losers
Foreign Investors

Buying		Selling	
Volume (mil. shares)	Value (mil. VND)	Volume (mil. shares)	Value (mil. VND)
27.4	1,243,742	44.5	1,766,752

HASTC

HA Index 104.20 **Monthly change -10.7 (9.3%)**
 Ave. trading value 416,332 mil VND


Top 5 Winners

Ticker	Closing		Ticker	Closing	
	Price	%		Price	%
SRA	19.3	63.6	VSP	51.8	-37.0
MIC	76.5	24.0	SPP	18.5	-34.6
B82	14.1	18.3	VTS	29.5	-31.4
PVI	24.2	18.2	BHV	23.0	-31.2
CTC	12.0	17.4	TPH	9.9	-30.2

Top 5 Losers
Stock Market Reviews
VNindex: Going down and not yet finding a way out

This month, VNindex lost 32.3 point to close at 314.7 points. There were 11 decreasing sessions out of 20 trading days. There were 148 stocks declined, 22 stocks advanced and 1 stock inactive. There were 5 more companies listed on HOSE in November, namely BAS, KSH, LGC, PVF and TRA.

There was no improvement in terms of liquidity. Both trading volume and value had declined slightly compared to last month. On average, daily trading value and volume were VND 456 bil and 15.3 mil shares, respectively. Foreign investors continued their selling activities through out the whole month with a net sale position of VND 523 bil (USD 31 mil). It seems that the stock market in Vietnam was so tiny and no more attractive compared to other emerging markets like China, India, or Malaysia, and foreign investors started pulling funds out of here.

Financial crisis had touched to every corner of the world, no matter developed or undeveloped economies. Japan, Germany and US had declared to be recession. The US Government decided to pay out USD 20 bil for the Citigroup bankruptcy risk and offer USD 800 bil rescue plan for the financial system. Central banks in developed countries had cut interest rate several times to prevent the slowdown of economic growth. Petrol prices had dropped to 40-50 USD/barrel compared to the pick level of 145 USD/barrel since June. IMF predicted that the crisis should last for another year and normal growth would return only in 2011. Consideration of the gloomy future, we shall not hope a glorious return of VN-index soon, at least to the second quarter of 2009. Therefore, investors should be cautious and patient in their investment decisions.

HASTC-Index: Returning to starting point

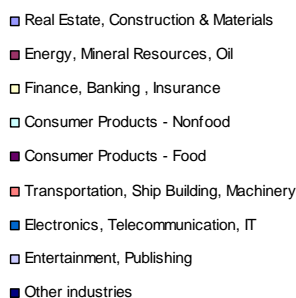
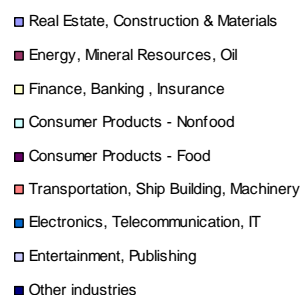
The Vietnamese State bank has decided to cut its base rate from 13% to only 10%. At the same time, domestic gas price was continuously reduced following the world price. However, all positive news had adverse effect on the stock market. HASTC Index lost 10.7 points, equivalent to 9.3%, to close at 104.2 points at the month end. There were only 28 stocks advanced, 133 stocks declined, and 1 stock inactive in November. Vinashin stocks (VSP) continued to have a bad month trading as their price fell down by 37% to close at only VND 51,800. There were 8 new stocks listed on HASTC, including DC4, L61, MKV, SSM, TBX, TCS, TDN, THB, and SD8.

Trading volume had slightly increased, from 8.3 mil shares per day in October to 8.6 mil shares per day in November. However, daily trading value reduced by VND 7 bil to reach only VND 236 bil. Foreign investors also hold a sale position in HASTC with net selling of VND 87 bil in November.

November shall be remembered as one of a key milestone in the development of HASTC when HASTC-Index had turned back to its starting point of 100 after 3 trading years. With a small size of market capital and larger trading band, HASTC is more vulnerable and riskier than HOSE. In addition, foreign investors were less interested in HASTC where the choice of investment was limited due to non-diversification of stock categories. It is time to see whether the resistance point of 100 can be lasted for the coming month.

HOSE: invested in transportation & construction material sectors

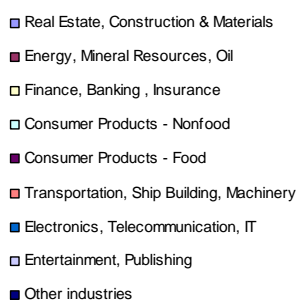
GROUPING BY INDUSTRY		No. Company	Market Value	P/E 30/11/08	P/B 30/11/08	ROA 2007	ROA trailing	ROE 2007	ROE trailing	Sale growth 2006	Sale growth 2007
Sector 1	Real Estate, Construction &	41	21.0%	19.5	1.3	8%	8%	16%	18%	29%	43%
	- Real Estate, Property Man.	13	13.5%	50.7	2.0	10%	8%	19%	16%	49%	51%
	- Construction	9	1.2%	4.5	1.0	4%	4%	12%	14%	22%	10%
	- Construction Materials	19	6.3%	5.2	1.0	9%	11%	16%	22%	20%	52%
Sector 2	Energy, Mineral Resources, Oil	16	13.5%	7.3	1.4	9%	9%	17%	18%	31%	64%
	- Energy	5	6.3%	6.2	1.2	9%	9%	20%	20%	64%	2%
	- Mineral Resources	4	0.5%	4.6	1.8	13%	13%	19%	19%	-3%	55%
	- Oil and Gas	7	6.7%	9.5	1.4	7%	7%	13%	15%	26%	114%
Sector 3	Finance, Banking, Insurance	5	11.0%	11.0	2.1	4%	6%	18%	20%	411%	192%
	- Finance	6	8.3%	1.8	0.4	2%	1%	5%	1%	148%	75%
	- Banking	1	6.4%	7.7	1.3	2%	2%	19%	16%	65%	139%
	- Insurance	1	0.9%	10.4	0.7	4%	4%	6%	6%	47%	15%
Sector 4	Consumer Products - Nonfood	28	4.5%	5.4	0.8	10%	9%	17%	15%	25%	31%
	- Rubber	5	1.9%	4.6	1.4	20%	22%	32%	33%	32%	11%
	- Plastic	9	0.8%	4.5	0.7	8%	8%	13%	13%	19%	32%
	- Textiles, Garments	4	0.4%	10.7	0.6	8%	4%	15%	6%	1%	56%
	- Papers, Packaging	6	0.6%	5.1	0.6	5%	4%	8%	6%	24%	8%
	- Others	4	0.9%	3.8	1.1	11%	10%	25%	20%	57%	62%
Sector 5	Consumer Products - Food	33	17.2%	6.3	1.0	10%	8%	17%	13%	47%	19%
	- Candy, Beverages	7	10.1%	7.6	1.0	10%	10%	17%	16%	28%	17%
	- Food processing	7	1.7%	2.7	0.8	12%	9%	20%	15%	10%	20%
	- Fishery	13	2.4%	7.2	0.8	9%	7%	16%	13%	77%	19%
	- Pharmaceuticals	6	3.0%	6.9	1.6	11%	6%	15%	8%	49%	19%
Sector 6	Transportation, Ship Building,	18	4.9%	4.2	0.9	9%	7%	19%	13%	22%	22%
	- Transportation	14	4.3%	3.7	0.8	8%	4%	19%	9%	21%	24%
	- Logistics, Ports, Warehouses	4	0.6%	6.3	1.4	13%	18%	17%	25%	24%	16%
	- Machinery Manufacturing	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sector 7	Electronics, Telecommunication, IT	8	6.5%	5.0	1.0	9%	8%	19%	18%	141%	198%
	- Electronics	1	0.1%	5.5	0.9	7%	11%	11%	16%	-4%	30%
	- Telecommunication	6	1.9%	4.9	0.8	8%	7%	16%	14%	180%	266%
	- Information Technology IT	1	4.5%	4.7	2.1	16%	16%	44%	47%	52%	-37%
Sector 8	Entertainment, Publishing	2	0.1%	6.0	0.5	4%	5%	6%	9%	-2%	19%
	- Entertainment	2	0.1%	6.0	0.5	4%	5%	6%	9%	-2%	19%
	- Publishing	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sector 9	Other industries	17	16.8%	4.6	1.6	10%	13%	19%	26%	22%	59%
	- Light industry	2	0.1%	4.1	0.6	7%	10%	9%	19%	11%	9%
	- Tourism	3	6.8%	4.3	4.3	13%	14%	17%	18%	32%	159%
	- Agricultural products	5	9.3%	4.6	1.4	14%	20%	26%	46%	49%	34%
	- Trading	7	0.6%	5.0	0.8	8%	9%	17%	16%	0%	50%
ALL SECTORS		171	100%	8.8	1.1	9%	9%	17%	16%	40%	46%

Market Capitalization by Industry

Number of listed companies by Industry

Analyst Comments:

- There were 5 more stocks listed on HOSE in November. As at 30th November 2008, HOSE had 171 listed stocks with total market capitalization of VND 160 trillion, a slightly increase compared to last month.
- The ratio of P/E and P/B on HOSE continued decreasing as the price of stock fell down. On average, P/E and P/B at the end of November were 8.8 and 1.1, respectively.
- “Real Estate, Property Management, Construction Materials” and “Consumer Product – Food” remained the two biggest sectors, covered 38% of total market capitalization. “Oil & Gas” sector’s performance had been deteriorated due to price of petrol plunged down.
- In comparison, “Transportation, Ship building” sectors seemed to be better than other sectors in terms of business performance (sale growth, ROA, ROE) and attractive prices (P/E<4.2, P/B<0.9). This sector is expected to have a robust performance due to the decreasing in petrol prices. “Construction Material” was also a good sector to pick up as its relative low P/E and P/E.

HASTC: invested in transportation sector

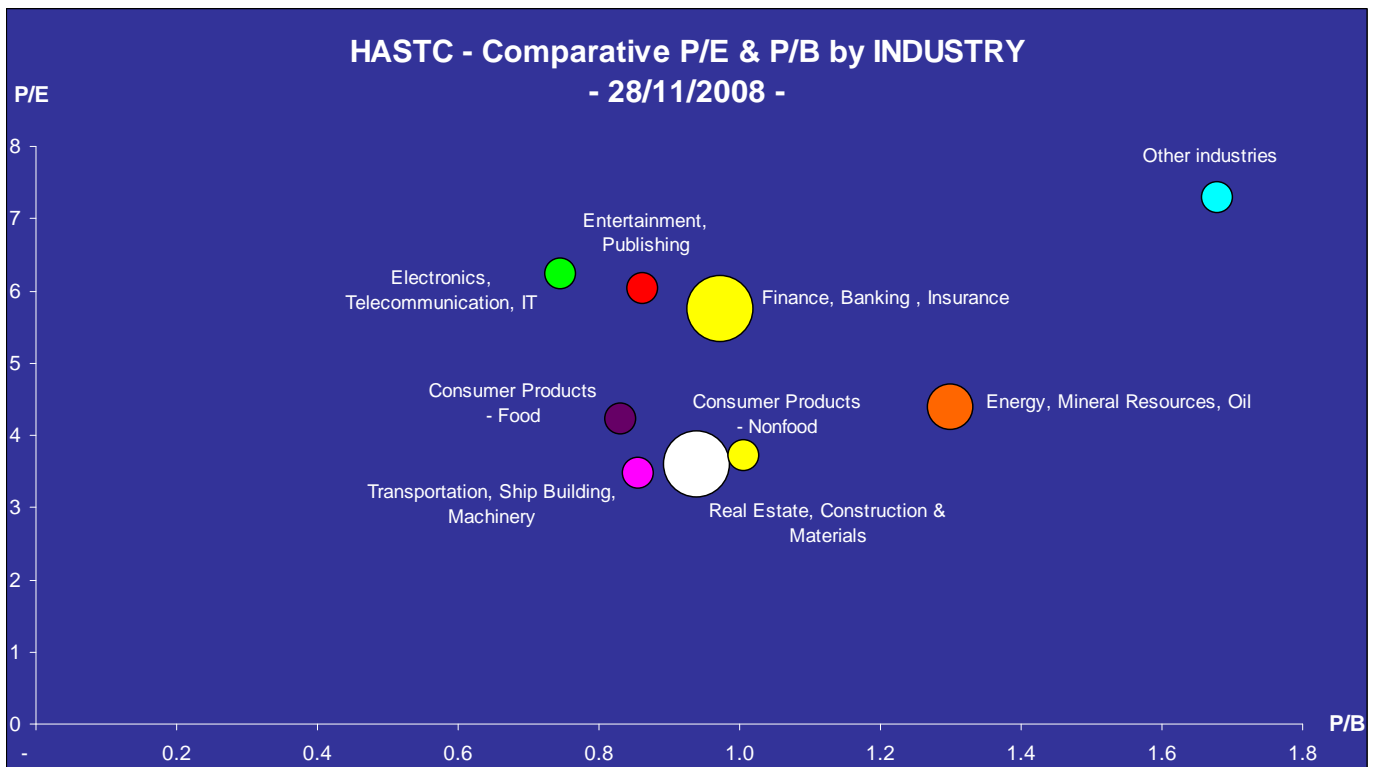
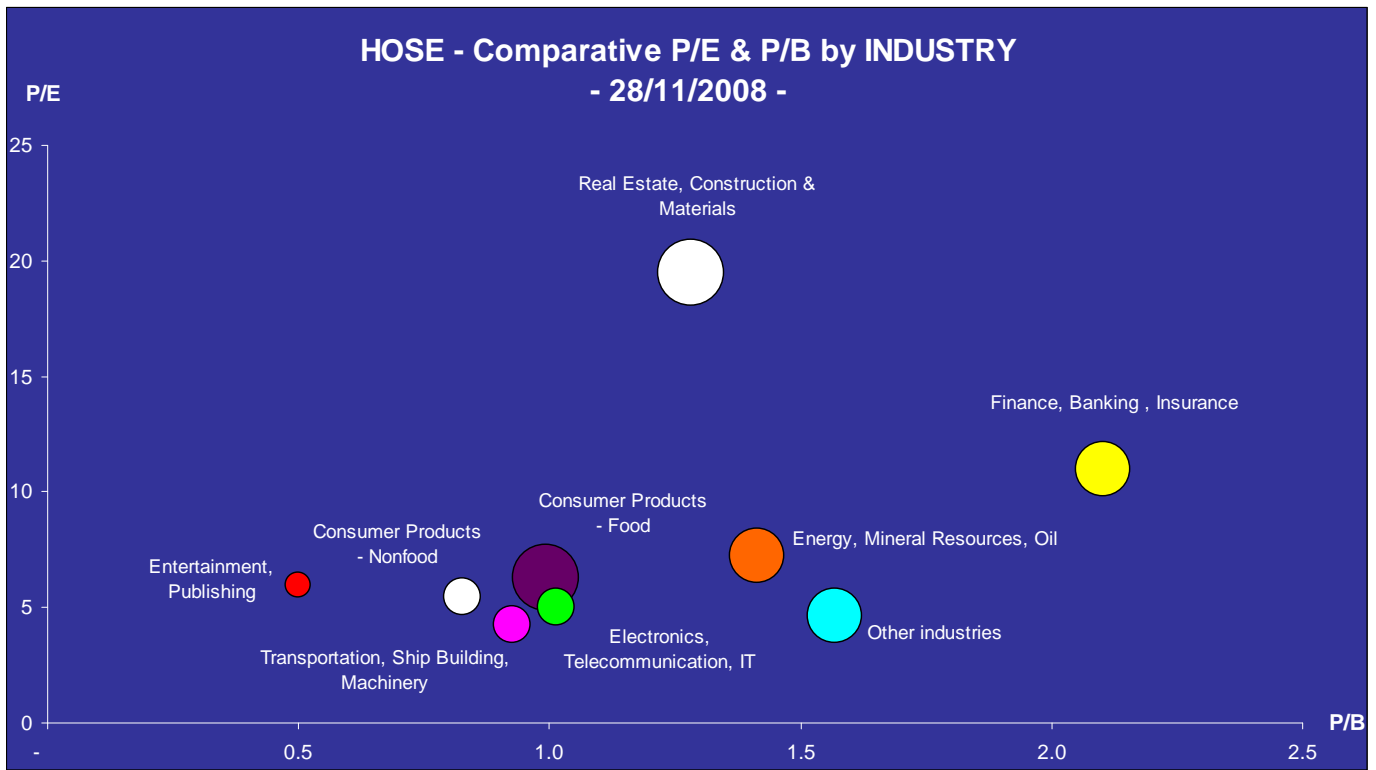
GROUPING BY INDUSTRY		No. Company	Market Value	P/E 30/11/08	P/B 30/11/08	ROA 2007	ROA trailing	ROE 2007	ROE trailing	Sale growth 2006	Sale growth 2007
Sector 1	Real Estate, Construction &	76	28.1%	3.6	0.9	5.7%	6.1%	17%	17%	8%	31%
	- Real Estate, Property Man.	2	9.3%	4.6	1.3	7.9%	11.7%	23%	29%	10%	120%
	- Construction	48	11.1%	3.9	0.9	5.3%	3.8%	18%	13%	8%	34%
	- Construction Materials	26	7.7%	3.1	1.0	6.3%	9.9%	15%	23%	7%	18%
Sector 2	Energy, Mineral Resources, Oil	19	12.1%	4.4	1.3	6.5%	5.5%	18%	14%	22%	25%
	- Energy	5	2.0%	5.7	1.0	6.9%	9.3%	17%	21%	52%	21%
	- Mineral Resources	9	2.6%	3.1	1.4	6.3%	3.1%	19%	8%	9%	23%
	- Oil and Gas	5	7.5%	5.4	1.4	6.4%	6.0%	18%	18%	16%	33%
Sector 3	Finance, Banking, Insurance	6	49.4%	5.8	1.0	8.0%	3.1%	22%	9%	184%	634%
	- Finance	3	4.1%	2.8	0.8	11.5%	1.6%	26%	3%	309%	1206%
	- Banking	1	37.1%	6.3	1.5	2.0%	1.8%	27%	25%	93%	99%
	- Insurance	2	8.2%	9.9	1.0	5.8%	6.0%	13%	12%	42%	45%
Sector 4	Consumer Products - Nonfood	8	2.1%	3.7	1.0	10.9%	11.8%	19%	20%	22%	24%
	- Rubber	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- Plastic	3	1.7%	1.6	1.2	9.9%	9.9%	19%	16%	23%	16%
	- Textiles, Garments	3	0.3%	5.9	0.8	6.7%	7.1%	15%	18%	11%	48%
	- Papers, Packaging	2	0.1%	3.7	1.0	18.8%	21.9%	26%	31%	36%	0%
	- Others	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sector 5	Consumer Products - Food	9	1.3%	4.2	0.8	6.6%	3.2%	15%	9%	0%	38%
	- Candy, Beverages	4	0.7%	7.6	0.7	6.0%	2.6%	12%	6%	0%	6%
	- Food processing	4	0.5%	1.9	1.0	7.0%	4.6%	18%	14%	0%	5%
	- Fishery	1	0.1%	-	0.6	7.1%	0.0%	14%	0%	0%	294%
	- Pharmaceuticals	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sector 6	Transportation, Ship Building, Machinery	8	2.2%	3.5	0.9	9.9%	8.5%	26%	23%	16%	81%
	- Transportation	7	2.1%	3.5	0.8	11.0%	9.0%	27%	22%	19%	74%
	- Logistics, Ports, Warehouses	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- Machinery Manufacturing	1	0.1%	3.5	1.0	2.6%	5.4%	14%	30%	-8%	127%
Sector 7	Electronics, Telecommunication, IT	9	1.4%	6.2	0.7	5.9%	1.8%	12%	4%	29%	74%
	- Electronics	1	0.1%	17.6	1.3	4.6%	5.2%	6%	7%	0%	-1%
	- Telecommunication	6	1.2%	3.5	0.6	5.4%	1.2%	12%	3%	43%	71%
	- Information Technology IT	2	0.1%	8.8	1.0	7.8%	1.9%	13%	4%	0%	121%
Sector 8	Entertainment, Publishing	13	0.6%	6.0	0.9	9.2%	5.3%	17%	10%	8%	19%
	- Entertainment	1	0.1%	-	0.8	3.3%	0.0%	9%	0%	0%	84%
	- Publishing	12	0.5%	6.5	0.9	9.7%	5.7%	18%	10%	9%	14%
Sector 9	Other industries	14	2.8%	7.3	1.7	9.9%	9.4%	21%	19%	27%	47%
	- Light industry	2	0.2%	4.4	0.8	7.1%	8.7%	14%	18%	-3%	45%
	- Tourism	-	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	- Agricultural products	2	0.6%	3.1	0.4	6.5%	4.2%	14%	8%	8%	10%
	- Trading	10	2.0%	8.7	2.1	11.1%	10.6%	23%	22%	37%	55%
ALL SECTORS		162	100%	4.5	1.0	7.0%	6.2%	18%	15%	20%	58%

Market Capitalization by Industry

Number of listed companies by Industry

Analyst Comments:

- There were 8 new stocks listed on HASTC in November. As at 30th November 2008, HASTC had 162 listed stocks with total market capitalization of VND 53 trillion, up 10% compared to last month due to an increase in a number of stocks.
- Most stocks in HASTC had a decline in price this month, leading to a lower market P/E and P/B of 4.5 and 1.0, respectively.
- Three leading sectors in terms of market capitalization and the number of listed companies were “Real Estate, Property Management, Construction Materials”; “Energy, Mineral Resources, Oil”; and “Finance, Banking, Insurance”, covering approximately 90% of total market cap.
- “Transportation and Ship Building” sector had the lowest ratio of P/E and P/B. At the end of November, stocks in this sector were trading below their book value and P/E of 3.5.

Market Ratios: comparative P/E and P/B at 30th November 2008



INV. STRATEGY: recommended to invest in transportation & construction materials sectors
Investment Strategy

- Our strategy is to concentrate on stocks with stable financial performance in 2007 and 2008, highly liquidity, and potential capital gains in the next quarter.
- This month, “Transportation, Ship Building, Machinery” and “Construction Materials” were our pickup sectors to recommend for investment based on the business performance of these sectors in the last 3 quarters of 2008 and its relatively cheap prices.

Key financial ratios

- We have scanned all stocks in both HOSE and HASTC in order to select the appropriate investment portfolio.
- We have revised our selection criteria as below:
 - ✓ Good financial results in the first 3 quarters of 2008 with a robust growth of both sales and net profits.
 - ✓ ROE > 15% (trailing up to Q3/2008);
 - ✓ ROA > 5% (trailing up to Q3/2008);
 - ✓ P/E < 10;
 - ✓ P/B < 2;
 - ✓ High liquidity
 - ✓

Preference Portfolio

- **Transportation, Ship Building, Machinery Manufacturing Sector**
 - ✓ Doan Xa Port Joint Stock Company (Ticker: DXP)
 - ✓ Transport and Chartering Corporation (Ticker: VFR)
 - ✓ Vinashin Petroleum Investment and Transport Joint Stock Company (Ticker: VSP)
- **Construction Material Sector**
 - ✓ Hoa An Joint Stock Company (Ticker: DHA)
 - ✓ Hoa Phat Group Joint Stock Company (Ticker: HPG)
 - ✓ Sai Son Cement Joint Stock Company (Ticker: SCJ)
 - ✓ SMC Trading and Investment Joint Stock Company (Ticker: SMC)
 - ✓ Vinaconex Advanced Compound Stone Joint Stock Company (Ticker: VSC)
- **Other Sectors**
 - ✓ Ben Tre Aquaproduct Import And Export Joint Stock Company (Ticker: ABT)
 - ✓ Saigon Telecommunication and Technologies Corporation (Ticker: SGT)
 - ✓ National Seed Joint Stock Company (Ticker: NSC)
 - ✓ Southern Seed Corporation (Ticker: SSC)

Ticker	Exch.	Sub-sector	Price	P/E trail.	P/B trail.	ROE trail.	ROA trail.	Market Cap	Year 2007				30/9/2008			
									Assets	Equities	Sales	Profit	Assets	Equities	Sales	Profit
DHA	HOSE	Construction materials	20.0	4.7	0.7	16%	15%	239,978	236,931	208,025	101,352	36,023	288,250	274,468	120,317	34,203
HPG	HOSE	Construction materials	30.4	3.4	1.0	34%	25%	4,693,100	4,756,794	3,142,551	5,642,934	643,974	5,731,846	4,546,120	6,541,854	1,083,565
SCJ	HASTC	Construction materials	39.8	3.9	0.9	24%	19%	66,303	150,550	110,317	185,061	29,010	155,868	129,876	135,642	19,158
SMC	HOSE	Construction materials	20.0	2.7	0.8	33%	13%	262,662	611,964	208,371	2,998,575	46,153	574,994	252,089	3,189,564	59,625
VCS	HASTC	Construction materials	26.2	3.8	0.9	33%	14%	309,505	398,993	126,981	260,070	41,149	602,658	312,425	270,807	59,979
DXP	HOSE	Port	21.6	4.2	1.3	34%	23%	124,280	102,988	63,919	73,016	15,312	117,626	80,340	71,268	20,773
VFR	HASTC	Transportation	11.1	4.4	0.8	19%	8%	358,500	394,874	199,275	152,474	36,064	554,969	205,991	171,753	31,485
VSP	HASTC	Transportation	51.8	1.0	0.3	52%	14%	329,820	2,522,794	121,892	789,683	72,352	3,999,499	1,618,457	1,138,547	396,210
ABT	HOSE	Consumer Product	23.9	3.8	0.5	14%	11%	174,470	413,961	286,069	427,288	39,159	387,075	362,514	368,077	34,576
SGT	HOSE	Telecommunication	24.6	6.7	1.7	28%	13%	1,398,150	1,384,311	618,846	851,216	136,690	1,438,893	742,881	920,976	142,747
NSC	HOSE	Agricultural products	24.8	4.3	0.8	24%	18%	137,806	119,089	71,607	140,388	13,512	172,555	149,180	121,805	21,418
SSC	HOSE	Agricultural products	19.3	6.3	1.3	23%	19%	236,587	156,248	125,303	155,857	22,010	175,640	143,164	159,010	27,862

DISCLAIMER & DISCLOSURES

This report must be read with the Disclosures and the Disclaimer that form part of it.

The Vietnam International Securities Company (“VIS”) does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, VIS does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements.

The views expressed in this research report accurately reflect the personal views of the analyst about the subject securities and issuers. The analysts also certify that no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

© 2008, The Vietnam International Securities Company - VIS, all rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of The Vietnam International Securities Company (“VIS”).

For more information, please contact us: phantich@vise.com.vn

Vietnam International Securities Company – VIS

59 Quang Trung, Hai Ba Trung, Ha Noi

Tel: (84-4) 9445888

Website: www.vise.com.vn