



VIETFUND  
MANAGEMENT

# NEWSLETTER | VFM

Quarter III/2010



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# CONTENTS

## Fund Performance In The Quarter

VF1 Investment Fund.....	3
VF4 Investment Fund.....	7
VFA Investment Fund.....	9

## Top holdings

An Giang Protection Plant Services .....	11
Hoa Binh Construction & Real Estate Corp. ....	12

<b>Legal updates .....</b>	<b>13</b>
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### Disclaimer

This Newsletter is issued by VietFund Management (VFM). All statistics relating to VF1's & VF4's performance are approved by Custodian. This newsletter is aimed to provide information on activities of VF1, VF4 investment funds and other services. The other mentioned statistics relating to Vietnam stock market are collected from reliable sources; however, VFM does not ensure that all these

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<b>Fund name</b>	Quỹ đầu tư Chứng khoán Việt Nam Fund (VF1)
<b>English name</b>	Vietnam Securities Investment Fund
<b>Trading Code</b>	VFMVF1
<b>Fund type</b>	Closed-end public fund
<b>Current chartered capital</b>	1,000,000,000,000 VND
<b>Outstanding fund unit</b>	100,000,000 units
<b>Inception date</b>	May 20, 2004
<b>Listing date</b>	November 8, 2004
<b>Fund term</b>	10 years
<b>Management Fund</b>	VietFund Management (VFM)
<b>Custodian</b>	Joint Stock Commercial Bank for foreign trade of Viet nam (Vietcombank)
<b>Management fee</b>	2%/NAV/year
<b>Custodian &amp; depositing fees</b>	0.12%/NAV/year
<b>Dividend</b>	By annual, based on realized return and approved by Annual Meeting of Investors.
<b>Investment objective</b>	VF1 aims to invest to listed and unlisted shares, fixed-income securities and other financial instruments to build a balanced portfolio.

## TOP 5 HOLDINGS

Stock	NAV (%)
SJS	11.5
NTL	8.2
DPM	7.2
AG PPS	6.0
KSB	3.5

# VF1

## Fund performance in QIII/2010

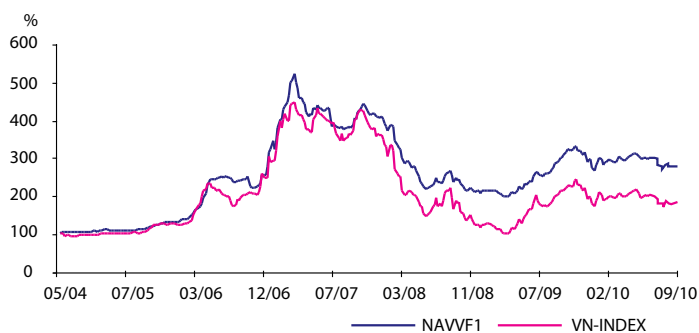
During QIII/2010, Vietnam' stock market plunged as VN-Index dropped 10.4% down to 454.5 points and HNX-Index loss 19.8% down to 127.3 points. With the balance portfolio, VF1's NAV decreased 9.3%, which outperformed both VN-Index and HNX-Index (during QIII/2010, HNX-Index dropped more than 2 times as the drop of VF1's NAV). On a year-to-date basis, VF1 loss 5.2%, equivalent to 64.2% the drop of VN-Index (-8.1%) and nearly 1/5 of the plunge of HNX-Index (-24.3%).

## Movement in net asset value (NAV)

	30/09/2010			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (20/5/2004)
VF1	1,000	2,350.1(*)	23,501	(0.2)	(9.3)	(7.2)	(5.2)	(5.2)	147.0
VN-Index			454.5	(0.1)	(10.4)	(9.0)	(8.1)	(8.1)	73.7
HNX-Index			127.3	(0.9)	(19.8)	(20.7)	(24.3)	(24.3)	27.3

(\*) Including 15% dividend paid to investor on May 12, 2010

## NAV VF1 PERFORMANCE VS. INDEX



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2010	(0.8)	0.6	2.3	7.0	(4.6)	0.2	1.3	(7.9)	(0.2)				(5.2)	(6.9)
2009	(1.4)	(7.5)	4.5	8.6	10.7	8.4	7.7	14.3	8.5	(0.6)	(8.6)	1.5	53.2	53.2
2008	(6.0)	(15.0)	(15.7)	(9.0)	(20.0)	(4.2)	6.7	14.2	(9.7)	(14.0)	(1.0)	0.6	(55.8)	(55.8)
2007	25.0	47.6	33.0	19.9	24.9	0.1	(3.5)(*)	(2.1)	5.8	8.8	(4.2)	(2.1)	46.1(*)	46.1(*)
2006	6.0	14.7	10.3	33.5	4.0	3.2	(8.4)	1.3	4.7	(4.4)(*)	15.2	31.0	175.1(*)	175.1(*)
2005	0.04	2.4	1.1	(2.4)	0.2	0.5	0.2	3.5	5.6	5.8	4.7	1.2	25.2	25.2
2004						1.0	(0.6)	(0.2)	0.3	0.6	(0.2)	0.6	1.6	3.2

(\*): based on weighted average chartered capital

## Portfolio review

	Gain/Loss (%)		NAV (%)
	QIII/2010	Year-to-date	
<b>NAV growth(%)</b>	<b>-9.3</b>	<b>-5.2</b>	<b>100</b>
<b>Total investment</b>	<b>-9.4</b>	<b>-5.5</b>	<b>84.8</b>
<b>By asset classes</b>			
HOSE	-7.7	-3.2	55.2
HNX	-11.5	-7.5	11.6
Unlisted	-12.6	-1.0	15.0
Bonds	-12.0	-7.5	6.6
<b>Top 5 industries</b>			
Infrastructure – Real estate	-13.5	-5.5	31.0
Materials – Resource	-3.9	3.4	25.0
Food - Beverage	-2.4	13.2	7.3
Banks	-10.6	-13.6	4.7
Capital goods	-15.1	-0.7	5.3

The listed investments in VF1's portfolio (accounted for 66.8% NAV) decreased 8.5%, which outperformed both VN-Index and HNX-Index. Unlisted stocks (11.6% NAV) loss 12.6% in QIII/2010.

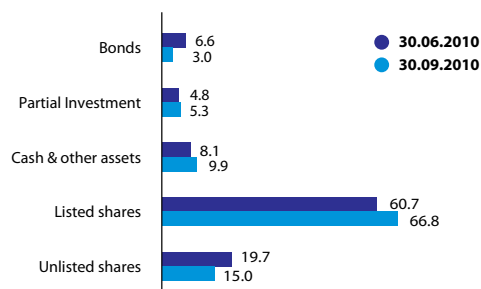
Amongst Top 5 industries (comprised of 73.3% NAV), Real Estate sector still occupied the largest proportion (31.0% NAV) and loss 13.5% while Materials- Resources sector (21.4% NAV) decreased 2.4% in QIII/2010.

Total investment value in QIII/2010 was 344.2 billion dong, which were focused in Real Estate (172.5 billion dong) and Materials & Resources sector (70.1 billion dong).

Total divestment value was 357.4 billion dong, which were focused in Real Estate (112.1 billion dong) and Materials & Resources sector (45.0 billion dong).

The investing and divesting activities in QIII/2010 were primarily trading activities for the purpose of reducing the cost of investment.

## Asset allocation (%)

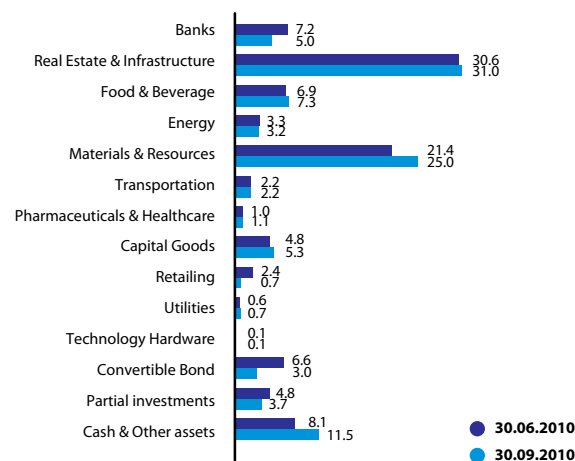


In QIII/2010, VF1's Fund reduced Bond's holding from 6.6% NAV down to 3.0% NAV in order to raise the cash available and increase the listed investment proportion expecting the recovery of the market. Consequently, cash's proportion increased from 8.1% NAV to 9.9% NAV and listed stocks' proportion increased to 66.8% NAV.

OTC stocks's proportion decreased from 19.7% NAV down to 15.0% NAV since some stocks such as QCG, VOS were listed in HOSE.

Other asset remained unchanged as compared with previous quarter.

## Investment by industries (%)



Investment by industries during QIII/2010 were barely change as compared with previous quarter when the two largest sector belonged to Real Estate & Infrastructure and Materials & Resources. Banks' stocks were continued to divested and consequently decreased their proportion from 7.2% NAV down to 5.0% NAV.

As at September 30, 2010, Top Five industries including Banks, Real Estate & Infrastructure, Food & Beverage, Materials & Resources and Capital Goods were accounted for 73.3% NAV.

# VF2

<b>Fund name</b>	Quỹ đầu tư Tăng trưởng Việt Nam (VF2)
<b>English name</b>	Vietnam Growth Investment Fund
<b>Trading Code</b>	Closed end, Member fund
<b>Current chartered capital</b>	962,972,500,000VND
<b>Inception date</b>	13/12/2006
<b>Fund term</b>	5 years
<b>Management Fund</b>	VietFund Management (VFM)
<b>Custodian</b>	HSBC Bank (Vietnam) Ltd., Ho Chi Minh City Branch
<b>Management fee</b>	2%/NAV/year
<b>Dividend</b>	By annual, based on realized return and approved by Annual Meeting of Capital Contributors.

**Investment objective** Grasp high growth investment opportunities from equitizations of the state owned and private companies, in potential developing sectors and other new investments in order to build an optimal, diversified investment portfolio to attain the highest possible returns with a reasonable level of risks.

## Fund performance in QIII/2010

Vietnamese stock exchanges's movement during Quarter III has changed the complexion of stock market of the year 2010. Beginning by the sharp decline of Indices, breakdown series of technical supporting levels continuously during August, Indices felt below the beginning level of the year. Trivial recovery in September was also monotonous and inappreciable. Indices moved in a narrow way and trading volume lessened by the end of the Quarter which reduced attractiveness of the market. Foreigner trading was remarkable at the end of September however only contributed 5% market trading volume and did not impluse the market.

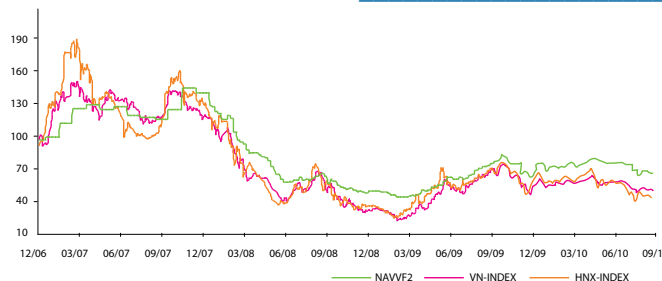
As at end of September 2010, VN-Index closed at 454.52 point, declined 10% compared to end of Quarter II. At that time, HNX-Index reduced 20% and closed at 127.3 point, nearly the level at the beginning of recovery period after recession 2008. We consider the current index level are suitable for holding stocks for long term and any correction period is the opportunity to disbursement for undervalued stocks.

Affected by Vietnam stock exchange, as at end of Quarter III, NAV of VF2 decreased by 10.7% comparing to end of Quarter II, reached VND7,190 per unit, equivalent to movement of VN-Index. NAV of VF2 stil discount 28% from par value.

## Movement in net asset value (NAV)

	30/09/2010			Performance (%)					
	Fund size (VND bn.)	NAV (VND bn.)	Unit NAV (VND)	1 month	3 month	6 month	9 month	Year-to-date	Since inception (13/12/2006)
VF2	963.0	692.4	7,190	(1.4)	(10.7)	(6.8)	(9.4)	(9.4)	(28.1)
VN-Index			454.5	(0.1)	(10.4)	(9.0)	(8.1)	(8.1)	(41.4)
HNX-Index			127.3	(0.9)	(19.8)	(20.7)	(24.3)	(24.3)	(48.1)

## NAV VF2 PERFORMANCE VS. INDICES



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD annualized
2010	(2.5)	(0.4)	0.2	7.8	(3.0)	(0.3)	(1.5)	(8.1)	(1.4)				(9.4)	(17.9)
2009	(2.4)	(6.9)	1.9	8.8	8.0	8.3	5.6	11.1	5.6	0.1	(8.7)	6.4	42.0	42.0
2008	(3.0)	(10.8)	(11.1)	(4.3)	(*) (20.8)	(4.8)	2.8	7.4	(9.0)	(10.8)	(2.2)	(0.2)	(51.5)	(51.5)
2007	12.0	11.0	2.2	(3.1)	2.2	(5.8)	(1.8)	(1.0)	6.6	15.1	0.1	(3.1)	27.2	27.2
2006													2.5	35.0

(\*): 8% dividend on average investment capital for the period of Dec 13rd, 2006 to Dec 31st, 2007 was paid during May 2008

## TOP 5 HOLDINGS

Stock	NAV (%)
AG PPS	6.9
Tam Duc Heart Hospital	5.6
SJS	5.2
SD5	4.8
HDG	4.8

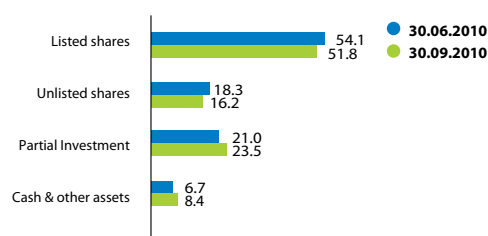
## Portfolio review

		Gain/Loss (%)			NAV (%)
		Q III/2010	Q II/2010	Year-to-date	
	<b>NAV growth(%)</b>	<b>(10.7)</b>	<b>1.5</b>	<b>(9.4)</b>	<b>100.0</b>
	<b>Total investment</b>	<b>(10.2)</b>	<b>1.3</b>	<b>(5.2)</b>	<b>91.6</b>
<b>By asset classes</b>	Listed stocks	(15.4)	0.8	(7.5)	51.8
	Unlisted stocks	(1.3)	6.0	4.2	16.2
<b>Top 5 industries</b>	Materials & Resources	(13.3)	(2.6)	(12.0)	18.6
	Capital Goods	(18.0)	11.3	(5.0)	17.3
	Real estate & Infrastructure	(15.5)	6.1	(0.5)	13.3
	Pharmaceuticals & Healthcare	(0.5)	(6.4)	(6.9)	8.9
	Consumer Durables & Apparel	(7.8)	-	(7.8)	4.0

After restructure listed portfolio in Quarter II, current Price to Earning Ratio of the portfolio was fairly low at around 7.2 times. However, with the negative movement of the stock market during Quarter 3, most of listed shares reduced in prices sharply at above 15% compared to Quarter II. Unlisted shares did not change as much as listed market and slightly decreased by 1,3%.

As the result, NAV of VF2 as at Quarter III 2010 felt 10.7%. There's only Utilities shares contributed positive earning of 0.2%NAV for VF2, other sectors showed negative effects on NAV. The biggest effects were Capital Goods (reduced 3.8% NAV), Materials (reduced 2.6%NAV) and Real estate (reduced 2.2%NAV)

## Asset allocation (%)

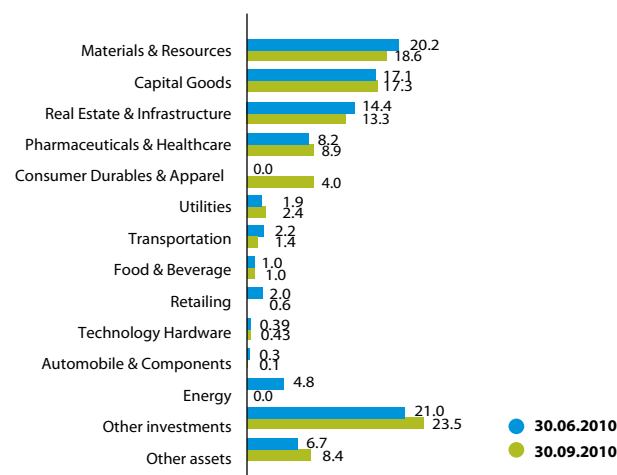


Listed shares declined holding from 54.1% to 51.8% at the end of Quarter III after net sell of VND7billion during the Quarter. Unlisted shares declined holding from 18.3% to 16.2% because there was an OTC stock listed in HOSE and disinvested in September. Other investments unchanged while NAV reduce in value therefore it holds more than 23,5%NAV as at 30th September instead of 21% as at end of August.

Cash position increased from 6.7% to 8.4% resulting from net sell during the month. Trading volume in the September was much lower than Quarter II and mostly for trading purpose. Total buy and sell value were VND71billion and VND79billion respectively. The last stock of Energy group was fully disinvested after listing in September.

Holding by size of stocks still focus on midcap stocks (40%NAV) while large-cap holds 7.7% and small-cap holds 20.6%.

## Investment by industries (%)



Asset allocation by sectors remains similar to as at Quarter II as trading activities was not significant except for Energy sector reducing to zero. The 3 biggest holdings still were Materials & Resources (18.6% NAV), Capital Goods (17.3% NAV) and Real estate & Infrastructure (13.3% NAV).

As at end of August, there are 28 stocks in the VF2's portfolio (Aug: 29), classifying in 10 sectors, of which the top 5 holdings (62.1% NAV) were:

- Materials & Resources (18.6%)
- Capital Goods (17.3%)
- Real estate & Infrastructure (13.3%)
- Pharmaceuticals & Healthcare (8.9%)
- Consumer durables & Apparel (4.0%)

<b>Fund name</b>	Quỹ đầu tư Doanh nghiệp Hàng đầu Việt Nam (VF4)
<b>English name</b>	Vietnam Blue-chips Fund
<b>Trading Code</b>	VFMVF4
<b>Fund type</b>	Closed-end public fund
<b>Current chartered capital</b>	806.460.000.000 VND
<b>Outstanding fund unit</b>	80.646.000 units
<b>Inception date</b>	29/02/2008
<b>Listing date</b>	12/6/2010
<b>Fund term</b>	10 years
<b>Management Fund</b>	VietFund Management (VFM)
<b>Custodian</b>	HSBC Bank (Vietnam) Ltd., Hochiminh City Branch
<b>Management fee</b>	2%/NAV/year
<b>Custodian &amp; depositing fees</b>	0.08%/NAV/year
<b>Dividend</b>	By annual, based on realized return and approved by Annual Meeting of Investors.
<b>Investment objective</b>	VF4 aims to achieve long term capital growth with optimal risk through investing in IPOs of the big State Owned Enterprises and blue chips companies. These companies have shown consistent growth over the years, and are expected to sustain growth in the future.

## Top 5 Holdings

Stock	NAV (%)
SJS	7.4
HPG	6.0
FPT	5.3
SPM	4.8
DPM	4.4

# VF4

## Fund performance in QIII/2010

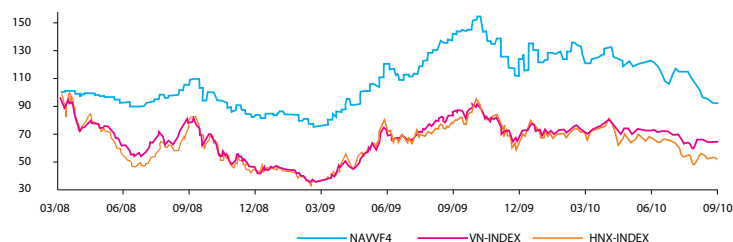
During QIII/2010, Vietnam stock market decreased to the lowest level of the year at 25/08/2010 when VNI-Index hit 423.9. This is because of the uncertainty in macroeconomic conditions and the reduction of liquidity while the supply of stocks continues to increase. Even though the market bounced back by the end of August, as at 30/09/2010, VN-Index closed at 454.4 and HNX-Index closed at 127.3, which are equivalent to 9.8% and 19.4% reduction quarter-on-quarter. During the same period, unit NAV of VF4 reduced 14.0% to VND 9,241/unit. The since-inception-growth of VF4 reached 12.4% whilst VN-Index and HNX-Index declined 33% and 45.2% in the same period.

## Movement in net asset value (NAV)

	30/09/2010			Performance (%)				
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	YTD	Since inception (28/2/2008)
VF4	806.5	754.0(*)	9,241 (*)	(1.1)	(14.0)	(12.7)	(12.5)	12.4
VN-Index			454.5	(0.1)	(9.8)	(9.0)	(8.1)	(33.0)
HNX-Index			127.3	(0.9)	(19.4)	(20.7)	(24.3)	(45.2)

(\*) excluding unit dividend of VND1,000 paid in 12/2009 and VND1,000 advanced in 05/2010

## NAV VF4 PERFORMANCE VS. INDICES



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2010	(3.1)	1.5	3.1	7.4	(6.0)	(0.7)	(4.1)	(10.3)	(1.1)				(12.5)	
2009	(1.3)	(9.0)	8.3	11.2	13.0	6.5	7.6	16.6	6.1	(1.4)	(13.2)	0.5	48.9	48.9
2008			(2.0)	(0.9)	(5.7)	0.4	6.3	11.5	(8.5)	(12.7)	(3.7)	1.7	(17.4)	(17.4)



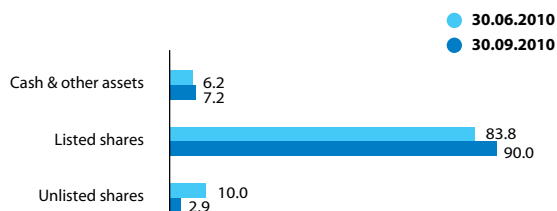
## Portfolio review

	Gain/Loss (%)		NAV (%)
	QIII/2010	Year-to-date	
<b>NAV performance (%)</b>	<b>(14.0)</b>	<b>(12.5)</b>	<b>100.0</b>
<b>Total investment performance (%)</b>	<b>(14.3)</b>	<b>(11.6)</b>	<b>92.8</b>
<b>By listing status</b>			
Listed stocks	(12.1)	(10.7)	89.9
Unlisted stocks	(15.1)	(11.6)	2.9
<b>Top 5 industries</b>			
Materials - Resources	(13.4)	(11.6)	27.0
Infrastructure – Real estate	(16.1)	(6.2)	20.6
Capital Goods	(20.5)	(19.1)	12.0
Food - Beverage	(5.4)	6.8	7.2
Retailing	(1.7)	11.1	6.1

Total investments of VF4 represented for 92.8% NAV as at 30/09/2010 and possessed the third quarter loss of 14.3%.

In top five industries, Capital Good, Infrastructure – Real estate, Materials-Resources recorded the highest loss, which were 20.5%, 16.1% and 13.4% respectively.

## Asset allocation (%)

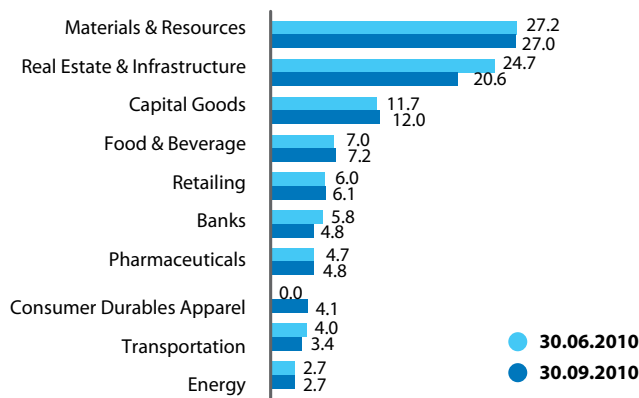


In QIII/2010, the proportion of unlisted stocks reduced from 10% NAV (30/06/2010) to 2.9% NAV (30/09/2010) because one of the unlisted stocks (QCG) was officially listed on HOSE. On the other hand, listed stock also increased from 83.8% NAV (30/06/2010) to 90% NAV (30/09/2010).

Investment in listed stocks, which accounted for 83.8% NAV, recorded a loss of 12.1% in QIII/2010. OTC stocks, which account for 2.9% NAV recorded 15.1% loss during the same period.

Cash holding increased slightly from 6.2% NAV (30/06/2010) to 7.2% NAV (30/09/2010).

## Investment by industries (%)



The portfolio structure by industry did not change much from that of Q2/2010 except that VF4 invested in a new industry which is Consumer Durables & Apparel.

As at 30/09/2010, VF4 owned 33 stock investments in 10 industries (30/06/2010: 31 investments in 9 industries), in which top three was as follows (59.6% of total NAV and 64.3% of total investment value):

- Materials – Resources (27.0)
- Infrastructure – Real estate (20.6%),
- Capital Goods (11.0%).





# VFA

<b>Fund name</b>	Quỹ đầu tư Năng động Việt Nam (VFA)
<b>English name</b>	Vietnam Active Fund
<b>Trading Code</b>	VFMVFA
<b>Fund type</b>	Closed-end public fund
<b>Current chartered capital</b>	240,437,600,000 VND
<b>Outstanding fund unit</b>	24,043,760 units
<b>Inception date</b>	02/05/2010
<b>Listing date</b>	08/09/2010
<b>Fund term</b>	5 years
<b>Management Fund</b>	VietFund Management (VFM)
<b>Custodian</b>	Far East National Bank - Hochiminh City Branch
<b>Management fee</b>	2%/NAV/year
<b>Custodian &amp; depositing fees</b>	0.04%/NAV/year
<b>Dividend</b>	Distribute at least 50% of its realized profit to investors every year.
<b>Investment objective</b>	To capture medium to long-term capital appreciation on Vietnam market, accompanied by capital preservation during adverse market conditions, based on the main strategy of trend-following.

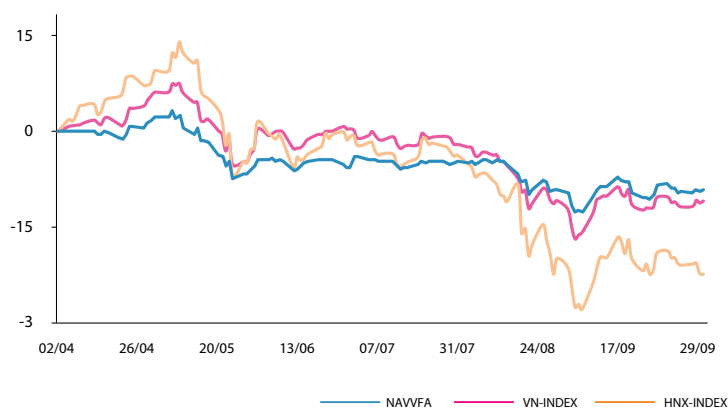
## Fund performance in QIII/2010

As Vietnam stock market, in QIII/2010, witnessed a strong down-trend state, especially setting up new trough for 2010 at 423.9 points in 8/2010, the reduction of NAV of VFA was much less than that of VN-Index, ie. equivalent to around 50% of VN-Index decrease in QIII/2010 and equivalent to approximately 80% of the decline of VN-Index since inception.

## Movement in net asset value (NAV)

	31/09/2010			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (02/04/2010)
VFA	240.4	218.4	9,083	(4.84)	(4.87)	NA	NA	NA	(9.17)
VN-Index			454.5	(7.98)	(10.43)	NA	NA	NA	(10.96)
HNX-Index			127.3	(16.98)	(22.19)	NA	NA	NA	(22.44)

## NAV VFA PERFORMANCE VS. INDICES





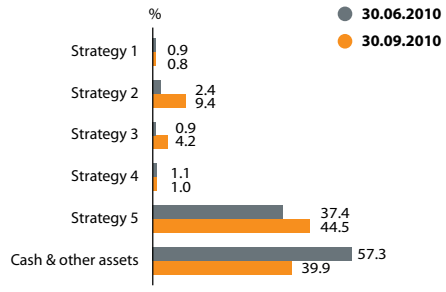
## Portfolio review

	30/9/2010	Since-inception-performance (%)	QIII/2010-performance (%)
NAV (USD bn.)	218.4		
Unit NAV (USD)	9,083	-9.2	-4.9
Total investment (USD bn.)	133.9	-18.3	-11.7
VN-Index	454.5	-11.0	-10.4
HNX_Index	127.3	-22.4	-22.2

Total investments experienced a relatively equivalent reduction in QIII/2010 and a larger decrease since inception, compared to those of VN-Index in the mentioned-respective periods. This is driven mostly by Strategy 5 (stock-based strategy) which is designed to overperform the market.

In QIII/2010, VFA utilized the cash available (around 50% of NAV) in money market since the exit signals in QII/2010. ROI of such deposit reached 2.5%.

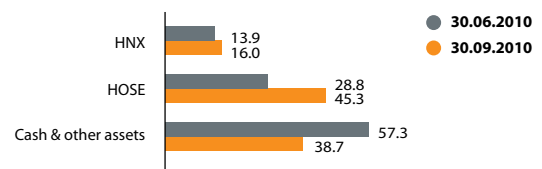
## By strategies (%)



There are two main differences in the asset allocation in QIII/2010 as compared to QII/2010, as follows

- Overweight strategy 5 as the market is on the down-trend
- Strategy 2 and 3 indicated buy signals in 9/2010

## By asset allocation (%)



Investment in stocks listed on HOSE and HNX in this quarter encountered a small change relative to last quarter (the ratio is 75:25 instead of 70:30).



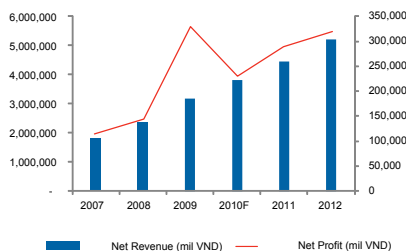
# AN GIANG PROTECTION PLANT SERVICES

Ticker : N/A  
 Listing : OTC  
 Industry code : Pesticide

## Introduction

Established under the Decision No.556/QD.UB in November 1993 by the People's Committee of An Giang Province, An Giang Plant Protection Services (AGPPS) became a Joint Stock Company since October 2004. AGPPS's main operation activities include distributions of Plant Protection Products, Fertilizers and Agricultural Seeds which account for more than 70% of AGPPS's Annual Revenue.

AGPPS is one of the leading distributor companies of Syngenta in Vietnam with more than 20% domestic market share. Along with 25 branches and 500 agents nationwide, AGPPS is becoming a trusted trademark and successfully competing with Bayer, VFC, HAI and ADC to expand its market shares.



REVENUE & NET PROFIT

## Potentials and risks

In the last three years from 2007 to 2009, AGPPS achieved a wonderful Revenue Growth Rate approximately 30% per year. Especially, the Growth Rate is steadily increasing over the years from 22% in 2007 to 35% in 2009. Moreover, there are a lot of opportunities for AGPPS in the coming years when the domestic market for Plant Protection Products is expected to have an annual Growth Rate about 15% - 20%.

As a Syngenta's distributor in Vietnam for Plant Protection Products, AGPPS is completely depending on Syngenta; Even in the current time (2010), there is still no official contract between them. Besides, AGPPS often has a high amount of Account Receivables in its Balance Sheets which increase the risk of Bad Debt Provision.

## Third Quarter 2010 Update.

AGPPS is expecting its 2010 Revenue about 3.850 billion VND representing a Growth Rate of 20% comparing to 2009 Revenue. Earning Before Tax (EBT) is planning for about 290 billion VND. By the end of the Third quarter, AGPPS accumulatedly achieves 73% of its Revenues plan but wonderfully finishes 80% of its EBT goal.

Financial Information	2007	2008	2009	2010E	2011F	2012F
Net Revenue (mil VND)	1,798,903	2,353,318	3,176,347	3,811,616	4,459,591	5,217,722
Net Profit (mil VND)	114,613	146,016	328,048	227,450	286,791	318,973
Net Profit Growth Rate (%)	n/a	27.4%	124.7%	-30.7%	26.1%	11.2%
EPS (VND)	6,367	8,112	12,150	7,290	9,192	10,224
Gross Margin (%)	25.0%	24.6%	28.7%	24.8%	24.5%	24.1%
Net Margin (%)	6.4%	6.2%	10.3%	6.0%	6.4%	6.1%
ROE (%)	33.3%	34.6%	55.2%	22.6%	21.0%	20.8%
ROA (%)	10.9%	12.6%	19.4%	9.8%	10.8%	10.4%
Book Value Per Share (VND)	18,417	21,727	21,794	34,729	38,439	42,903
Total Debt/Total Assets (%)	61.9%	58.0%	56.5%	42.7%	43.7%	44.5%

Source: AGPPS & VFM estimatef



# HOA BINH CONSTRUCTION & REAL ESTATE CORP.

Ticker : HBC  
 Listing : HSX  
 Industry code : Construction

## Introduction

Hoa Binh is one of the leader construction companies in residential office & office building sector. Before being a public company, Hoa Binh was just a small private company, building its success by professionalism and good direction from the Board of Management. Hoa Binh is being a well-known main contractor in Vietnam which has created its know-how, reputation and quality by big projects such as Kumho Asiana Plaza, Keangnam Plaza, Kenton, Crescent, Vincom, Sunrise city, Times Square and the Manor, etc.

## Potentials and risks

### Leave the tough period behind, expect coming rapid growth

2009, company overcame all difficulties derived from the 2008 crisis, with earning after tax & revenue was higher than this plan at the rate of 31% & 17% equivalently.

In 2010, HBC prepares for a strong growth period when the entire economy recovers, by deliberately selecting the contracts which promise outstanding profit margin. On the other hand, company will restart the real estate business to take advantage of its owned land property.

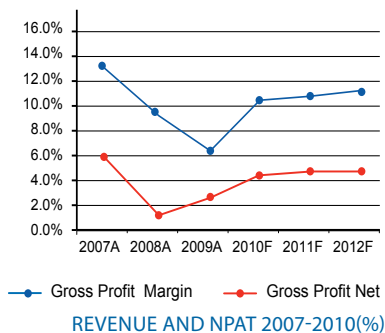
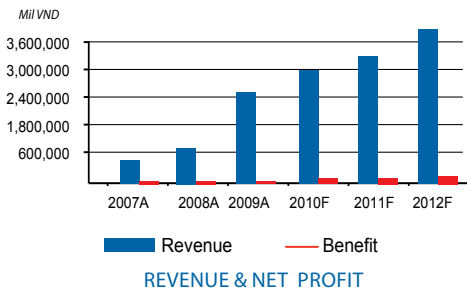
### Risk

Hoa Binh is facing its management risk, though the company has to grow but it is still familiar with management of a family type.

Hoa Binh is also facing high inflation risk that is increasing construction cost, lowering profit margin and decreasing company' profits.

## Updates of first 9 months & prospect for the rest of the year 2010.

HBC develops and focuses on the main business which is construction of large contracts with high profit margin. Company roughly identifies revenue for first 9 months of 2010 about VND1,300 billion, earning after tax is estimated around VND 80 billion. In 2010, we expect company revenue could achieve VND 2,193 billion, rise 24.4% and net income could be VND 100 billion, increase at 106% over for the last year.



Items	2007A	2008A	2009A	2010F	2011F	2012F
Net Revenue (mil VND)	459,633	695,985	1,763,456	2,193,168	2,454,010	2,979,738
Net Profit (mil VND)	27,884	8,249	49,176	100,762	117,496	149,836
Net Profit Growth Rate (%)	NA	NA	496%	105%	17%	28%
EPS (VND)	2,062	523	3,195	6,200	7,228	9,223
Gross Margin (%)	13.6%	9.5%	6.4%	10.6%	11.0%	11.3%
Net Margin (%)	6.1%	1.2%	2.8%	4.6%	4.8%	5.0%
ROE (%)	5.2%	1.5%	8.8%	16.4%	17.0%	19.4%
ROA(%)	2.8%	0.8%	3.9%	6.8%	6.9%	7.9%
Book Value Per Share (VND)	39,522	35,417	38,453	40,445	45,752	50,386
Total Debt/Total Assets (%)	41%	49%	53%	56%	55%	55%



# LEGAL UPDATES

Over the past time, law on securities and securities trading is being improved for the consistency with the integration process. The investors should make a due reference to the following legal documents which are issued in the third quarter of 2010:

**\* Decree No. 84/2010/ND-CP dated 02 August 2010 of the Government amending and supplementing Decree No. 14/2007/ND-CP.** This document reflects the following amendments and supplement:

1. To stipulate clearly a number of articles of the Decree No. 14/2007/ND-CP, for example: provisions on public offering of securities, conditions for listing securities, delisting, concepts of management of investment capital of securities investment companies;
2. To stipulate some new points such as termination of the status of a public company, offering and listing of securities in Vietnam by foreign issuing organizations.
3. To amend for the consistency of wording such as removing the phrase "securities trading centers", amending the title of Article 9 – Conditions for listing securities at Hanoi Stock Exchange, and amending the title of Article 8 - Conditions for listing of securities at Ho Chi Minh City Stock Exchange.

**\* Decree No. 84/2010/ND-CP dated 02 August 2010 of the Government** on issuing the penalties for administrative offences in securities and securities market sector. This document replaces Decree No. 36/2007/ND-CP and takes effect on September 20, 2010. This document stipulates more administrative offences and its higher level of fines.

**\* Circular No. 131/2010/TT-BTC dated 06 September 2010 of Ministry of Finance** detailing Regulations on capital contribution and shares purchase by foreign investors in Vietnam enterprises issued in conjunction

with Decision No. 88/2009/QD-TTg. This document stipulates clearly the process of capital contribution and shares purchase by foreign investors in Vietnam enterprises (not including the activity of shares purchase of public company listed or unlisted at the Stock Exchange or investing activities of foreign investors in Vietnam securities market).

**\* Circular No. 132/2010/TT-BTC dated 07 September 2010 of Ministry of Finance amending and supplementing Decision No. 46/2006/QD-BTC** on the Regulation on Issuance of Large Batches of Government Bonds. This document reflects the following amendments:

1. Large-batch bonds will be valid for three years or more (compared with five years in the previous regulation).
2. The term for issuance of a large-batch of three-years bonds shall not exceed 180 days from the date of the first issuance, and the term for issuance of a large-batch of bonds with validity over five years or more must not exceed 365 days from the date of the first issuance.
3. Fixed nominal interest rate of large-batch bonds is determined by the interest rate offered by the winning bidder at the first issuance under the mechanism of bidding for Government bonds.
4. The issuance of large-batch bonds can be divided into batches but ensuring total amount of bonds issued in large batches at a minimum of one thousand billion Vietnam dong.



VIETFUND  
MANAGEMENT

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