

*“Stocks tumbled amidst mixed-color signals”*

- **DCL – Substantial payable to menace 2014 profit**
- **DHC – Restructuring yielded juicy fruits**
- **Stocks tumbled amidst mixed-color macro signals**

**DHC – Restructuring yielded juicy fruits**

RongViet Securities just published today a report on Dong Hai Ben Tre SJC (HSX - DHC). DHC have received some attention in the market after the restructuring scheme Company initiated in 2013 brought positive results. As the largest industrial paper manufacturer in the South West of Vietnam, DHC is currently commanding a 5-percent share industrial paper market. DHC is also the strategic supplier for a number of large manufacturers such as Box Pak Vietnam, Sai Gon Brewery Corporation, Nam An, Gia Phu, My Xuan,...

Facing the bright prospect of Vietnam’s industrial paper industry, DHC has identified key factors to improve its competitiveness as quality and price. Our analyst highly values the Company’s efforts in improving technical processes and cutting costs with high proportions in COGS such as raw materials, fuel and electricity and expects the gross profit margin of the Company to improve or at least steady at the current level for a foreseeable future, assuming no shocks in waste paper prices.

Due to the seasonality of the industry, consumption volume in Q3 and Q4 is often higher than that of Q1 and Q2. Our analyst estimates that the second half’s revenue will grow sharply over that of the first 6 months. Total revenue and net profit in 2014 are estimated to be 538 billion and 46.7 billion, exceeding the annual targets by 12% and 67% respectively; EPS is also estimated at 3,117 VND. Based on the positive results, DHC mentioned the possibility to increase the dividends 12% as per the original plan to 18-20%, in both cash and stock.

In the long-term, DHC is outlining steps of the 80,000-ton-per-year Giao Long kraft paper manufacturing factory (Phase 2). The factory is expected to start construction in 2015 and come into operation in 2017. The products of Giao Long 2 can be in par in terms of benchmark, quality and may be able to compete directly with the products from Vina Kraft Co Ltd. We also believe the problem solving experience obtained during the operation of Giao Long 1 will bring ensure smooth operation of the new project. For reasons above, we recommend **BUYING** this stock in the **INTERMEDIATE TERM** with a target price **VND21,200/share**.

**DCL – Substantial payable to menace 2014 profit**

Last week, the Government Inspectorate of Vietnam announced Decree No.2234/QD-TTCT relating to a payment of USD697,500 originated from drug distributors’ wrongdoings in state-directed stocking of Tamiflu. Imexpharm is one of four companies authorized to produce anti-H5N1 drugs by The Ministry of Health in 2005. In this maneuver, the government spent more than VND562 billion to stock an inventory of 20 billion of tablets containing Oseltamivir Phosphate (similar to Tamiflu), including 10 billion tablets of finished products and 10 billion tablets of materials.

Imexpharm, STADA VN, Pymepharco all imported material from Stada Import/Export Hong Kong at a price of USD17,500-18,500/kg,. As for Parimexco (DCL), the Company bought 520 kilos of materials (~USD9.1 million) from Mambo Overseas Limited Singapore. According to the ruling of the Government Inspector, the prices in the above-mentioned transactions exceeded the guidance (USD12.000 /kg) of The Ministry of Health. On the other hand, the named firms have all been refunded by their partners. For example, Imexpharm, STADA VN and Pymepharco

recognized USD2.1 million as a subsidy from Stada Hong Kong. Parimexco (DCL) has also received the confirmation to write off a payable of USD3.8498 million owing to Mambo Overseas Limited Singapore.

Returning to the decision of the Government Inspector, Imexpharm has agreed to give up an amount of USD697,500 (~VND14 billion). However, IMP plans to use its financial reserves, whose ending balance at the end of 1H2014 was VND16.7 billion so that this payment would have not much impact on this year's earnings. Further investigation, however, will be performed for the sum of USD3.8 billion (~80.5 billion) of DCL. The situation will be very different for DCL if this Company has to pay the sum. The combined balance of DCL's financial reserve and other funds at year end 2013 were just VND16.7 billion, much more lower than DCL's potential payment of USD3.8 billion (~VND80.5 billion). As a result, should the payment be forced, DCL may have to increase its expenses by about VND63 billion. Given this year's projected earnings of VND38 billion, the added expense, in the worst case scenario, may decrease bottom-line profit to minus VND25 billion. Anyway, until an official ruling by the Government Inspector released, investors should make very careful considerations if they are to invest in this stock.

### **Stocks tumbled amidst mixed-color macro signals**

Mixed colors were observed in many updates on Vietnam's macro economy made public last week. On the one hand, gross domestic product growing 5.62% from a year earlier in the 9 months through September 2014 provided some encouragement to market participants. On the other hand, many of the nation's top economists pointed out during the Autumn Economic Forum, held over the weekend, there existing tall challenges to the optimistic yet fragile recovery of the economy, including sluggish NPL resolution and SOE reform, hiking public debts and worsening government budget deficit.

In the midst of contrasting opinions and information, the stock market ended lower yet another with moderate declines in the trading values of both the HSX and HNX over the weekend. The psychology of trading in general was little improved today, evidenced by the narrow gaps between the number of gaining stocks and that of losing ones in the stock markets of Hanoi and HCMC (97 gainers versus 124 losers in the HSX and 110 gainers versus 98 losers in the HNX). Despite stark differences in the movements of large-caps and blue-chips between the two markets where VN30 inched down while its northern counterparts ended in good gain, we saw an overwhelming indecisiveness in the movements of mid-caps and pennies stocks on both exchanges. In the absence of an at-the-close hustle as seen in the last two sessions, the ways the markets behaved during the day could be inferred quite clearly from indices' closings.

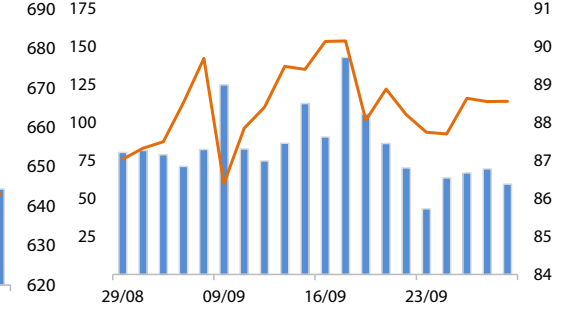
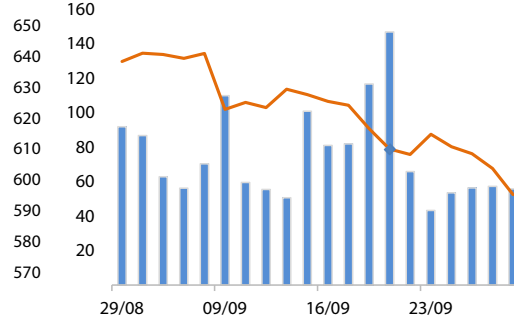
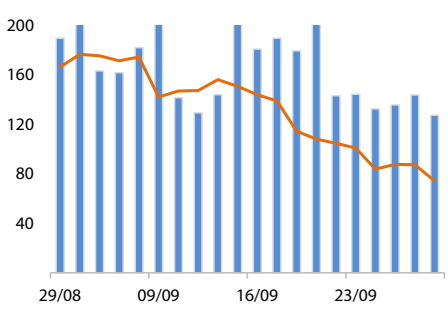
The State Bank Governor spoke in front of the National People Committee in a questioning session this afternoon, expressing confidence and optimism about the effectiveness of measures taken by the SBV to boost credit and overhaul the banking system while revealing key statistics on the sector's operation. According to the Governor, whole-system credit up to expanded 7% from a year earlier in the nine-month through September 2014, roughly equal that the same last year (6.87%) whereas the NPLs has declined from VND464 trillion (09/2012) to VND249 trillion. While stating special legislations are required for the VAMC to perform its role in NPL resolution efficiently, the head of the central saw a high chance that full-year credit growth will reach the 12-14% target.

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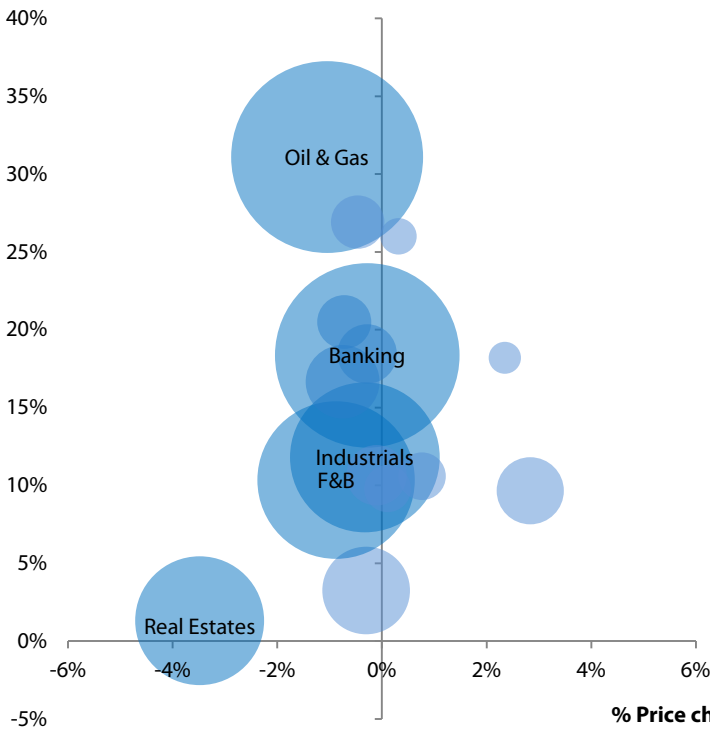
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**VNINDEX** -0.86% **599.78**    **VN30** -1.02% **642.98**    **HNXINDEX** 0.01% **88.57**



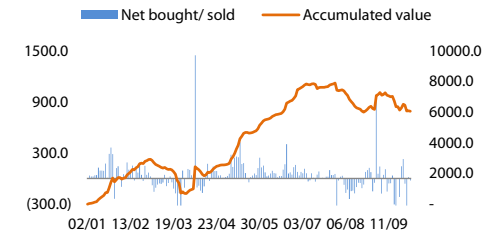
**Industry Movement**

**Industry ROE**

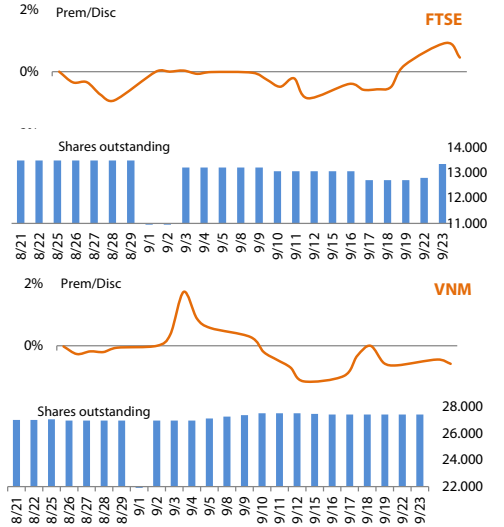


Industry	% change
Technologies	-0.7%
Industrials	-0.3%
Constructions	-0.3%
Oil & Gas	-1.0%
Distribution	2.3%
F&B	-0.9%
Household Goods	0.1%
Cars & Parts	0.3%
Chemicals	-0.3%
Resources	-0.5%
Insurances	-0.8%
Real Estates	-3.5%
Financials	2.8%
Banking	-0.3%
Utilities	-0.1%
Healthcare	0.8%

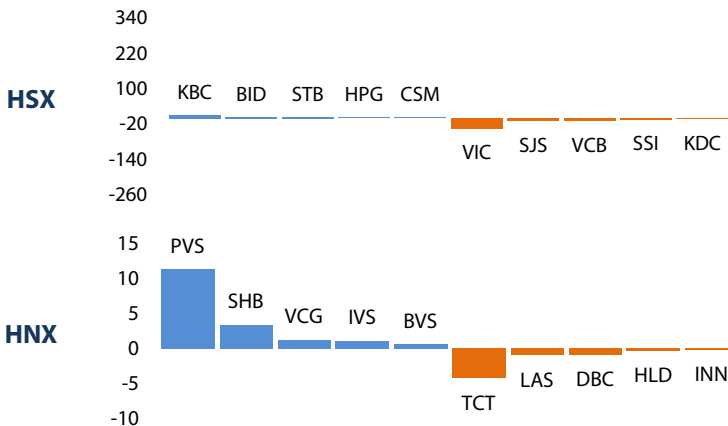
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

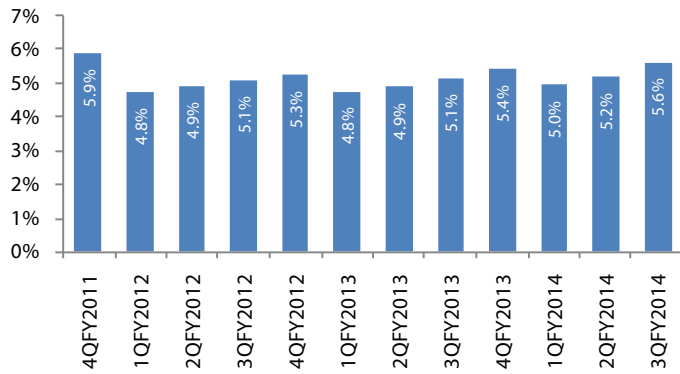
Ticker	Price	Volume	% price change
SSI	30.7	14.40	5.1%
FLC	11.2	8.28	-1.8%
KBC	15.1	7.11	2.7%
OGC	11.9	5.61	3.5%
VHG	11.5	4.82	4.5%

Ticker	Price	Volume	% price change
PVX	6.90	8.19	0.0%
KLS	12.70	4.83	1.6%
FIT	21.70	4.61	9.6%
KLF	11.90	3.47	-1.7%
SHS	12.50	3.02	1.6%

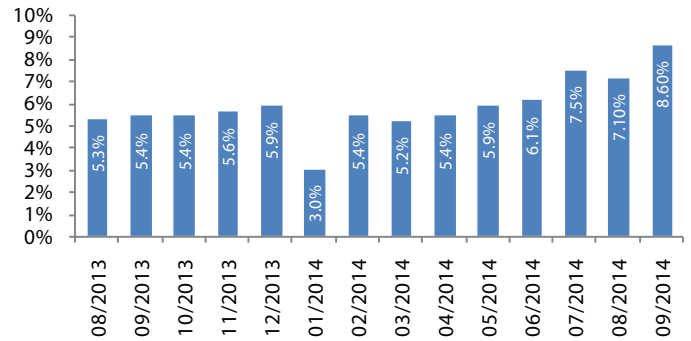
**MACRO WATCH**

**Graph 1: GDP Growth**



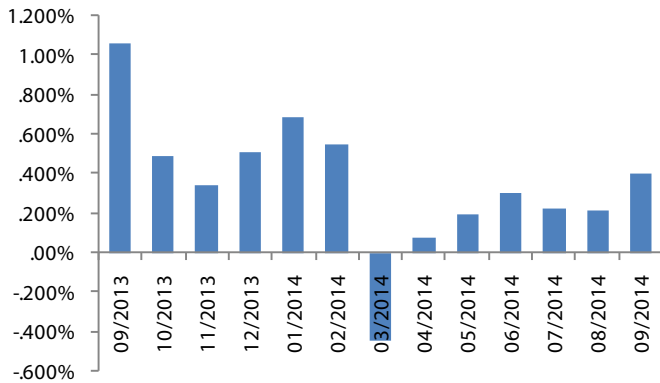
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



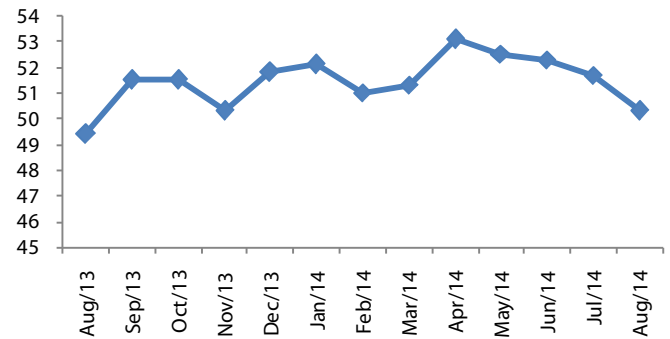
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



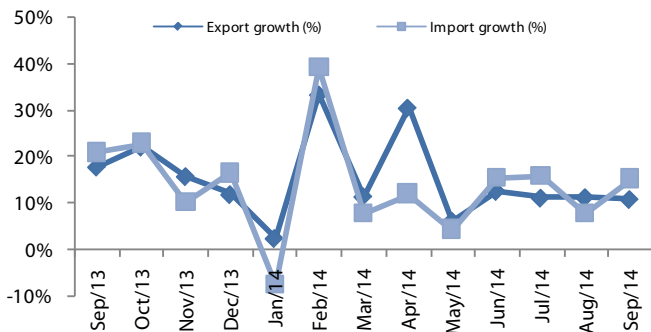
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



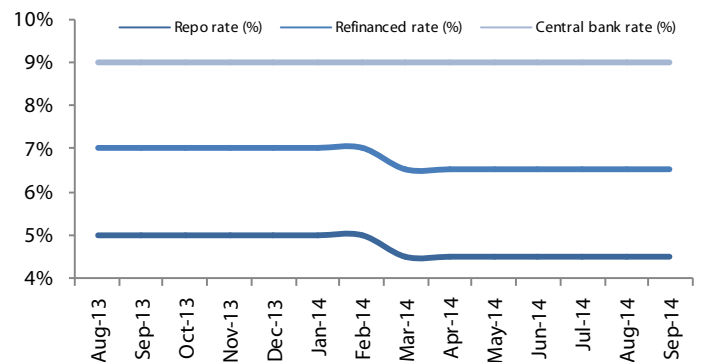
Sources: GSO. Rongviet Securities database

**Graph 5: Trade Growth**



Sources: GSO. Rongviet Securities database

**Graph 6: Interest**



Sources: SBV. Rongviet Securities database

## RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PVD – Busy O&G exploitation brought warmth	Sep 17 <sup>th</sup> , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 <sup>th</sup> , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 <sup>st</sup> , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide’ market shares	Aug 12 <sup>th</sup> , 2014	Accumulated – Intermediate-term	66,400
NBB - A new chapter with co-investment	Jul 31 <sup>st</sup> , 2014	Buy – Intermediate term	27,400

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

## FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	23/09/2014	0-0.75%	0-2.5%	11,702	11,645	0.49%
VF1	26/09/2014	0.20% - 1.00%	0.50%-1.50%	23,267	23,041	0.98%
VF4	24/09/2014	0.20% - 1.00%	0.00%-1.50%	10,541	10,868	-3.01%
VFA	26/09/2014	0.20% - 1.00%	0.00%-1.50%	7,690	7,709	-0.25%
VFB	26/09/2014	0.30% - 0.60%	0.00%-1.00%	11,709	11,532	1.53%
ENF	19/09/2014	0.00% - 3.00%		10,761	10,705	0.52%

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