

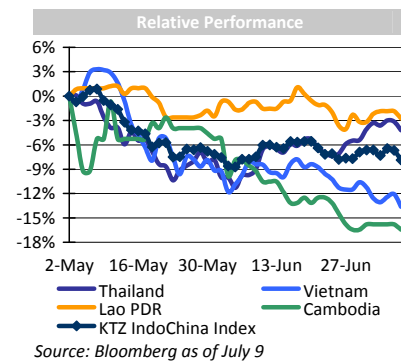
The Market

VN Index Down on NPLs; LSX Slipped Below 1,000; CSX Fell to Previous Record Low

VN Index started the second week of July with 1.76% losses to close at 408.12 following a report that Vietnamese banks' non-performing loans (NPLs) in May rose further to 4.47% from 4.14% in April. Among the largest listed state-owned banks, Vietcombank (VCB) fell only 1.4% and Vietinbank (CTG) was flat. The HCM market turnover was soft at VND 444.5 billion (USD 21.2 million). Foreign investors turned into net sellers worth VND 20.1 billion (USD 900,000) after bought VND 4.8 billion (USD 200,000) net during the previous two days.

LSX Index edged lower to close below 1,000 at 994.35, down 0.9%. The decline led by EdL Gen which fell 1.06% to its one-week low at LAK 4,650. BCEL was unchanged for the third day in a row at LAK 7,000. The market turnover was low at LAK 602.3 million (USD 75,000). Meanwhile, the CSX Index reversed its 0.79% weekly gains to the previous record low at 682.80. The market turnover was thin at KHR 84.5 million (USD 20,400).

Vietnam stock market sentiment turned gloomy as the economy and credit growth this year are likely to miss the government's targets. Investors remain cautious on high borrowing costs and rising NPLs despite the SBV asked the banks to cut loan rate to below 15% and pledged to set up an asset trading company to handle the NPLs. In the short term, the market is likely to stage for a further correction this week.



	Last	Chg	(%)
FTSE ASEAN	552	-9	-1.6
Singapore	2,929	-49	-1.7
Thailand	1,187	-13	-1.1
Malaysia	1,620	0	0.0
Indonesia	3,985	-70	-1.7
Philippines	5,264	-99	-1.8
Vietnam	408	-7	-1.8
Lao PDR	994	-9	-0.9
Cambodia	683	-5	-0.8

Source: Bloomberg as of July 9

Per USD	Last	Chg	(%)
Baht	31.75	0.00	0.00
Dong	20,880	-5.00	-0.02
Kip	8,026.00	+3.50	+0.04
Riel	4,143.00	+8.35	+0.20
Kyat	883.08	-8.85	-0.99

Per Baht	Last	Chg	(%)
Dong	657.60	-2.53	-0.38
Kip	252.76	-0.88	-0.35
Riel	128.00	-1.00	-0.78
Kyat	27.81	-0.39	-1.38

Source: Bloomberg as of July 9

The News

- **Vietnam** - Vietnam's Only Oil Refinery at Full Capacity After Restart
- **Vietnam** - Foreign Investors See Huge Healthcare Potential in Vietnam
- **Lao PDR** - Nam Theun 2 Dam to Generate US\$27m This Fiscal Year
- **Thailand** - PTTEP Increasing Stake in Vietnam
- **Myanmar** - New Foreign Investment Hits \$133 Million

Upcoming Market Holiday:

Thailand

- Aug 2: Asarnha Bucha Day
- Aug 13: Substitution for H.M. The Queen's Birthday

Corporate Action:

Lao PDR

1) EdL Gen's Right Offering (RO)

- June 21: Ex-Right Date (XR)
- June 22: Record Date
- June 26-July 6: Subscription Period
- July 31: New Shares Listing Date

2) EdL Gen's Public Offering (PO)

- July 4-11: Subscription and Payment Period

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Vietnam - Vietnam's Only Oil Refinery at Full Capacity After Restart

Vietnam's only oil refinery reached full capacity on Monday after resuming production on the weekend following an eight-week shutdown for equipment checks, the head of the operator of the Dung Quat facility said. The plant's closure had prompted domestic distributors to aggressively seek oil products in the spot market due to reduced term supplies from the refinery. "The plant has been running with 90% of crude oil input from the Bach Ho grade," Nguyen Hoai Giang, chief executive officer of Binh Son Refining and Petrochemical Co (BSR) said on Monday. He added that the 130,500 barrels-per-day refinery, which restarted on Saturday after being shut on May 16, could continue crude imports in the second half of the year. The plant's owner in March was looking to sell a 49% stake to foreign investors to raise funds and boost its capacity by more than half. Dung Quat needs more than \$2 billion of investment to expand its processing capacity by nearly a third to 192,000 barrels per day (bpd), or 9.5 million tonnes per year. *Although the country is the exporter of crude oil, Vietnam is currently on a shortage of refinery capacity which prompts the country to import finished oil products. During the shutdown, domestic distributors had to import oil products in the spot market, which is more expensive. On the other hand, we expect Ministry of Finance to reapply gas import tax of 5% from current 0% on LPG. In March, the Government scrapped the 5% import tax on gas to help businesses and the public cope with fuel price hikes.*

Vietnam - Foreign Investors See Huge Healthcare Potential in Vietnam

Vietnam's hospital sector is on the rise as wealthier Vietnamese are willing to pay more for better patient cares, which will help drive increased foreign investment in the sector in the years ahead. The fast-growing country of 86 million is the 13th most populous in the world. Along with a growing number of wealthy and middle-class citizens, Vietnam is one of the fastest-growing markets in the global healthcare industry. The Economist Intelligence Unit recently predicted that total healthcare spending in Vietnam would rise from nearly US\$7 billion in 2010 to \$11.3 billion in 2015, an annual average growth rate of 10.3%. However, the country's healthcare system remains largely underdeveloped in terms of both the number and quality of hospitals, clinics and doctors. Vietnamese hospitals, with two or three patients per bed in some cases, are the area in most urgent need of upgrading. *We have no doubt of the potential growth in the upper healthcare market. On the other hand, the universal healthcare coverage for the lower market is also being developed. Earlier this year, Thailand has signed a MOU with Vietnam on health cooperation, under which Thailand will help Vietnam develop its universal health care coverage scheme. Thailand has started its universal healthcare scheme since April 2001. The model has been successful and is recognized internationally. Vietnam plans to adopt the universal health care coverage policy in 2014. Apparently, rooms for growth in the healthcare sector are across the board from the lower end to higher end treatments.*

Lao PDR - Nam Theun 2 Dam to Generate US\$27m This Fiscal Year

The Nam Theun 2 hydropower plant, currently the largest in Laos, is expected to generate 216 billion kip (US\$27 million) for the country this fiscal year. According to the Nam Theun 2 Power Company, which operates the 1075MW plant on the Nakai plateau in Khammuan province, they expect to pay 216 billion kip in royalties and dividend to the Lao government this fiscal year. Last fiscal year the company paid US\$19 million in resource use charges and dividend. The previous year, the company paid US\$5.4 million to the government. The plant began generating power in middle of 2009, after four years under construction, and began operating commercially in April 2010. Most of the power generated is sold to Thailand and the rest is used for domestic consumption. The Nam Theun 2 Power Company says in a report posted on its website that the Lao government will receive a larger share of revenue from 2010 onwards, ranging from US\$25 million to US\$140 million a year. Over the 25 years of the project concession, Laos expects to receive US\$2 billion. *The Nam Theun 2 Power Company has 3 principal shareholders i.e. Electricité de France (40%), Lao Holding State Enterprise (25%), Electricity Generating Public Company Limited of Thailand (35%). It is estimated that Lao has hydropower potential of around 26,000MW. Electricity export is estimated to reach 25% of total export in 2012, the second to the mining exports which is estimated at 52% of total. During the first six months of this fiscal year, Laos earned more than US\$300 million from the export of electricity.*

Thailand - PTTEP Increasing Stake in Vietnam

PTT Exploration and Production Plc (PTTEP) plans to increase crude oil production from its oil block in Vietnam by 34% in the fourth quarter to 55,000 barrels per day. The company yesterday announced the successful installation of the second wellhead platform. Tevin Vongvanich, the president and chief executive, said the move will increase production capacity in the Vietnam 16-1 Project. He said production of crude oil from the Te Giac Trang (TGT) field of the 16-1 Project in Vietnam reflects the continued cooperation of PTTEP and its partners. The TGT field is located off the southern coast of Vietnam, 100 kilometres from Ba Ria-Vung Tau province. Oil production commenced last August. *Thailand has been reaching out to its neighboring countries for energy. The country has been buying electricity from Lao PDR, exploring and producing oil & gas from Vietnam and Myanmar. PTTEP currently has 2 concessions in Cambodia PTTEP i.e. Cambodia B and G9/43. The two countries is currently on talk for a joint development of Overlapping Claim Area (OCA) in the Gulf of Thailand, which is believed to be rich in oil and gas*

Myanmar - New Foreign Investment Hits \$133 Million

About US\$133 million of foreign direct investment was earned in Myanmar by the end of May in the 2012-13 financial year, Myanmar Investment Commission officials said during a press conference in Nay Pyi Taw last week. Officials added that they hoped significant new investments would be made in the coming months, during the press conference on July 1. Myanmar received about \$40 billion in FDI when the country opened up to outside investment in 1988 until 2012, with China being the largest investor. "We are expecting other countries to make new investments soon, especially Japan," said U Aung Naing Oo, deputy director general of MIC. Investment from China, including Hong Kong, amounted to about \$19.3 billion, according to the Central Statistical Organisation's website. The \$133 million in FDI contracted this fiscal year accounts for nine projects in manufacturing and oil and gas, and were made by companies from Hong Kong, Japan, Singapore, South Korea and the United Kingdom. *Myanmar government has a high hope on the new FDI entering the country but the progress has been slow. Amendments are needed among the country's outdated law including Foreign Investment Law. This has put numbers of investors on the sidelines.*