

Vietnam

Major hike in sugar import tax from January 2013 The Ministry of Finance in January 2013 will increase the import tax on raw sugar to 25% from the current 15%, and on refined sugar to 40% from the existing rate of 15%.

View: Reverses inflation-driven cuts of last year This marks a return of the sugar import tax to levels holding before April 2011; the cut in the rates to 15% last year were intended to help curb soaring inflation (with the CPI rising above 20% in mid-2011). However, with inflation now in high single digits, and with sugar production next year forecast at 1.5mn tonnes (100k-200k above domestic demand), the previous rates have been reinstated.

Cambodia

Garment firm submits letter of intention to SECC Two Taiwanese garment factories may become Cambodia's second and third stock market listings. One, Grand Twin International has recently submitted a letter of intention to the SECC.

View: SOE listings may have been better for the market These listings would give a needed boost to the currently low US \$135mn market cap, under a single stock, PPWSA. However, we believe that the volatile garment industry may not be as attractive to investors as the originally expected next listings, state owned enterprises (SOE) Sihanoukville Autonomous Port and Telecom Cambodia. The timeline for these SOE listings remains unclear.

Laos

Two irrigation projects to be built by Hongkham Hongkham Irrigation Repair and Construction company has signed two deals, worth a combined LAK265bn (US\$33mn) to build two irrigation projects; 1) the US\$12mn Senamnoi project in Attapeu province and, 2) the US\$20mn Sedon 3 project in Saravane province.

View: Progress in modern irrigation this year This year has seen major progress in irrigation development in Laos. In addition to the approvals of these two projects, the first modern irrigation system to deliver water to crops in fine droplets, a US\$2.6mn project installed by Bauer Group, was introduced in February 2012.

Myanmar

Foreign arrivals expected to reach 1mn in 2012 The Ministry of Hotels and Tourism expects that Myanmar will see 1mn foreign arrivals in 2012, up 22% from 819k in 2011.

View: Growth has jumped in recent months Monthly foreign arrivals statistics (from the CSO) do not include border arrivals, (which were 50% of arrivals in 2011), and appear somewhat low compared to annual statistics from other sources. Nonetheless, it still appears to be a reasonable proxy for the growth trend in foreign arrivals, which has risen rapidly this year. The six month moving average growth rate for this series was 47% yoy as of August 2012, up from just 20% in January 2012.

Index	Value	% chg
Thailand	1,335.0	-0.37
Vietnam	386.7	0.75
Laos	1,198.5	0.00
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.8	2.3
Vietnam	9.8	1.7
Laos	6.6	0.8
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.6	-0.10
Dong (VND)	20,840	0.00
Kip (LAK)	7,994	0.00
Riel (KHR)	3,995	0.00
Kyat (MMK)	853	0.01

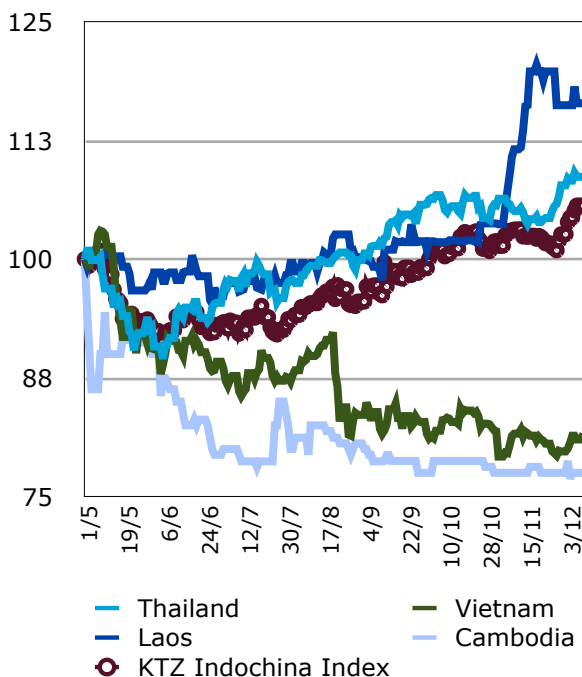
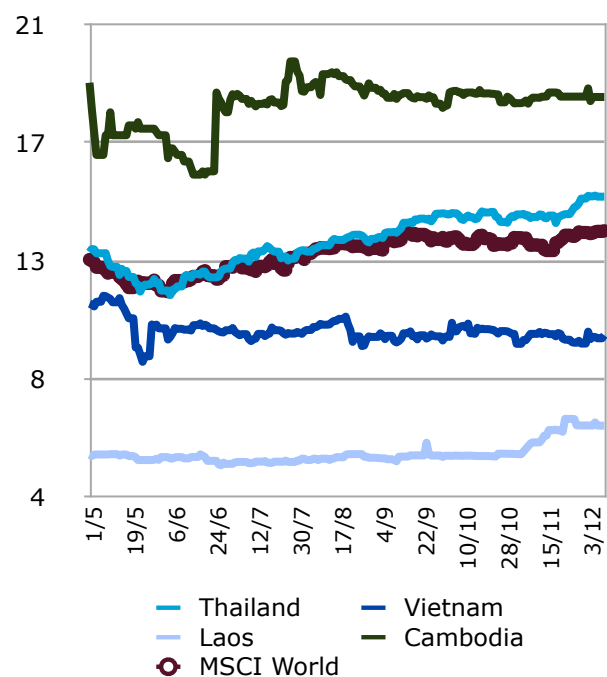
Source: Bloomberg

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Figure 1: Indochina Markets

	Index/ Price*	% chg	Volume('000)	YTD avg daily volume ('000)	Value (US\$ '000)	YTD avg daily value (US\$ '000)
Vietnam (HCI)	387	0.8%	37,916	46,867	17,948	31,754
Vietnam (HNI)	53	2.0%	42,453	44,358	11,405	18,539
Laos (LSX)	1,199	0.0%	26	102	20	68
BCEL*	7,600	0.0%	7	23	7	21
EDL*	5,700	0.0%	19	79	14	48
Cambodia (CSX)	667	0.0%	39	46	60	87
PPWSA*	6,200	0.0%	39	46	60	87

Source: Bloomberg *Laos- LAK, Cambodia - KHR

Figure 2: Relative performance*

Figure 3: Market price to earnings ratio


Source: Bloomberg, KT Zmico estimates, * from May 1, 2012

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