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ជាតិ សាសនា ព្រះមហាក្សត្រ



គណៈកម្មការមូលបត្រកម្ពុជា
SECURITIES AND EXCHANGE COMMISSION OF CAMBODIA

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PRAKAS

ON

THE CORPORATE GOVERNANCE FOR LISTED COMPANIES



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SECURITIES AND EXCHANGE COMMISSION OF CAMBODIA

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**PRAKAS
 ON
 CORPORATE GOVERNANCE FOR LISTED COMPANIES**

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Deputy Prime Minister
 Minister of Economy and Finance
 and the Chairman of the Securities and Exchange Commission of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RK1/0908/1055 on 25 September 2008 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Preah Reach Kram No. 02/NS/94 on 20 July 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Preah Reach Kram No. NS/RKM/0196/18 on 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Preah Reach Kram No. NS/RKM/0702/011 on 08 July 2002 promulgated the Law on Corporate Account, Their Audit and the Accounting Profession;
- Having seen the Preah Reach Kram No. NS/RKM/0605/019 on 19 June 2005 promulgating the Law on Commercial Enterprise;
- Having seen the Preah Reach Kram No. NS/RKM/0107/001 on 10 January 2007 promulgating the Law on Government Securities;

Unofficial Translation

- Having seen the Preah Reach Kram No. NS/RKM/1007/028 on 19 October 2007 promulgating the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Anukret No. 08/ANKR/BK on 03 March 2003 on the Composition and Functioning of the National Accounting Council;
- Having seen the Anukret No. 18/ANKR/BK on 19 March 2003 on the Organization and Functions of the Kampuchea Institute of Certified Public Accountants and Auditors;
- Having seen the Anukret No. 97/ANKR/BK on 23 July 2008 on the Conduct and Organization of the Securities and Exchange Commission of Cambodia;
- Having seen the Anukret No. 54/ANKR/BK on 8 April 2008 on the Implementation of the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the approval by the Exchange and Securities Commission of Cambodia in plenary meeting on 31 December 2009

HEREBY DECIDES
CHAPTER I
GENERAL PROVISION

ARTICLE 1. Purpose of this Prakas

The purpose of this Prakas is to set out the requirements related to the implementation of corporate governance for companies listed under the law and Anukret on Issuance and Trading of Non-Government Securities.

ARTICLE 2. Scope of this Prakas

This Prakas shall cover public limited company making public offer of securities in the Kingdom of Cambodia.

ARTICLE 3. Conditions for good Corporate Governance

Every public listed company shall assure good corporate governance through the establishment of mechanisms to protect shareholders' rights, arrange the governance and management structure of the company, define the authority and obligations of the board of

directors, set up an effective system of controls and protect stakeholders' rights in accordance with the provision of this Prakas.

ARTICLE 4. Definition used in this Prakas

Unless the context requires otherwise, the terms using in this Prakas have the meaning defined in this article or the Glossary Annexed to the Law and Anukret on the Issuance and Trading of Non-Government Securities.

1-Board of Directors: means the group of individuals elected, usually at a general shareholder meeting, by the shareholders of a company and empowered to carry out certain tasks as spelled out in the articles of incorporation.

2-Audit committee: means a committee of the board responsible to the board for review and oversight of the company's financial reporting, internal and external controls and auditing.

3-Risk management committee: means a specialized committee of the board responsible for analyzing, evaluating, monitoring and reporting on company risks and risk management.

4-Nomination committee: means a specialized committee of the board, responsible for review and evaluation of the qualifications of candidates for the position of directors or senior officers who have to be approved by the Board.

5-Law: means the Law on Issuance and Trading of Non-Government Securities.

6-Senior officer: means a person holding a position from head of department to chief executive officer, or equivalent, including the company secretary and head of internal audit and any other important positions.

7-Minority shareholder: means any shareholder who own less than 5% of company's total shares.

8-Family member: means husband, wife, children, parents, brothers and sisters.

9-External Auditor: means an auditor of a professional accounting firm, that is active member of the Kampuchea Institute of Certified Public Accountants and Auditors which is recognized by SECC.

10-Self-dealing: means the conduct of a trustee, an attorney, a company officer, or other fiduciary that consists of taking advantage of his position in a transaction and acting for his own interests

11-Anukret: means the Anukret on the Law on Issuance and Trading of Non-Government Securities.

12-Independent Director: means members who are being capable of exercising judgment independent of the views of management, political interests or inappropriate outside interests.

13-Executive Director: means a director who holds position as a senior officer in the company.

14-Non-Executive Director: means a director who is not an Executive Director.

CHAPTER II SHAREHOLDERS

ARTICLE 5. Basic Shareholder's Rights

The basic rights of shareholders according to the law on commercial enterprises cannot be taken away or restricted even through the articles of incorporation. Shareholders' rights shall be respected and protected by the Board.

Shareholders have the right to registration of ownership, conveyance or transfer shares, the right to obtain relevant information on the company, the right to attend the general shareholder meetings, exercise their voting rights and participate and vote in the general shareholder meetings, and the right to vote on the election or removal of a member of the board of directors.

ARTICLE 6. Voting Rights

Directors shall be elected through the votes of shareholders pursuant to the law on commercial enterprises. Shareholders have the right/by proxy to elect, remove and replace directors and vote on certain corporate acts through general shareholder's meeting.

ARTICLE 7. Right to Access to Information

In accordance with the law on Commercial Enterprises, a shareholder may examine the list of shareholders during usual business hours at the registered office of the company, at the place where its central securities register is maintained or at the general shareholder meeting which the list was prepared.

The company should have a website accessible by the shareholders and the public. Shareholders should be able to access company's website for audited annual financial statements, operating results, any quarterly financial report, information about the directors and senior officers and other information about the company. If the company does not have a website, shareholders may request hard copies of the above information on payment of a reasonable fee to cover costs of printing and distribution only. Shareholders have the right to obtain information stated herein on timely basis.

ARTICLE 8. Right Related to Shareholder's Meeting

In accordance with the law on commercial enterprises, shareholders who hold at least fifty one percent (51%) of shares have the right to propose an extraordinary general shareholder meeting, and the right to propose items in the agenda of the meeting such as amendments to articles of incorporation, governance issues, changes of capital and any other items permitted by the Articles of Incorporation.

Directors have the right to convene an ordinary or extraordinary general shareholder meeting.

ARTICLE 9. The Minority Shareholders' Right

The Board shall act in the interests of all shareholders and shall respect the rights of minority shareholders, including:

- The right to seek information;
- The right to voice opinion; and
- The right to seek redress.

To this end, the Board should ensure there is good communications and appropriate interaction between minority shareholders, senior officers and the board.

The Board shall propose to shareholders for approval, as an amendment to the Articles of Incorporation, a system of cumulative voting at shareholder meetings. If approved, the system shall be followed for subsequent meetings.

ARTICLE 10. Equitable Treatment of Shareholder

All shareholders of the same class shall be treated equally. Processes and procedures for general shareholders meeting shall provide for equitable treatment of all shareholders.

The law on commercial enterprises recognizes one vote for each common share for all shareholders and that voting right shall not be restricted by any person.

All shareholders shall be provided all necessary information from the company in a timely manner, and the company shall not provide information selectively to any subset shareholders.

ARTICLE 11. Shareholder Protection and Prohibition

Directors, senior officers or shareholders shall not engage directly or indirectly in unfair insider trading or self-dealing. Directors and Senior Officers of the company may not trade the company's securities during the periods:

- From ten (10) working days until one (01) day after the release of financial information; and
- From seven (07) working days before a board meeting until one (01) day after the meeting.

Within one (01) year of listing, the company shall approve and publish a policy governing trading of company securities by Directors and employees.

ARTICLE 12. Shareholder Responsibilities

Shareholders shall be responsible to make considered use of their votes. Substantial shareholder and controlling shareholder shall disclose information to public when there are any changes in shareholding possession as mandated by Anukret.

CHAPTER III BOARD OF DIRECTORS

ARTICLE 13. The Board

A public listed company shall be headed by an effective board which should lead and control the company to ensure transparency, accountability and efficiency. The board shall be elected by the vote of shareholders attending the general shareholder meeting.

ARTICLE 14. Composition of the Board

The Board shall be composed of at least five (05) and not more than fifteen (15) members. The board of public listed companies shall have at least one-fifth (1/5) independent directors. In case the company employed foreigner as independent directors, those directors shall have working experiences in Cambodia at least six (06) months before becoming independent director of the company.

The Directors shall have a clear vision of duties such that no individual or small group of individuals can dominate the Board's decision making.

ARTICLE 15. Roles of the Board

The Board of Directors shall define its role to act with loyalty, skill, and care, including the following major roles:

1. Serve the legitimate interests of the shareholders and account to them fully;
2. Act honestly, in good faith and in the best interest of the company and the shareholders;
3. Ensure that the company communicates effectively with shareholders, and other stakeholders;

4. Determine, monitor, and evaluate strategies, policies, management performance criteria, and business plans;
5. Set-up and monitor internal controls; and
6. Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary resources are in place for the company to meet its objectives.
7. Member of the Board shall not use their power to interfere the senior officer's responsibilities.

ARTICLE 16. Board Meetings

The Board meeting shall be held regularly at least once every quarter. Members of the Board shall attend ordinary and extraordinary meetings of the Board. If the Board has independent directors, every board meeting must have at least one independent director present.

ARTICLE 17. Compensation or Remuneration of the Directors and Senior Officers

The Board is responsible for ensuring that levels of compensation or remuneration are appropriate to attract and retain the executive directors and senior officers needed to run the company successfully. A proportion of fixed and variable incentives may be structured for Executive Directors and Senior Officers in order to link their rewards to individual, team and sustainable company performance for shareholders.

The company shall establish a formal and transparent policy for fixing the compensation and remuneration of individual directors and senior officers.

The company's annual reports, shall separately disclose the aggregate, direct or indirect compensation and remuneration of the Board and Senior Officers including the CEO.

ARTICLE 18. Supply of Information to the Directors

Directors shall be provided with complete, adequate, accurate and timely information prior to Board meetings. The board shall approve a policy for the provision of information to the Board.

Senior officers have an obligation to supply the Board with complete, adequate, accurate, information in a timely manner. If the particular board is to fulfill his or her duties properly, the Board may require additional information from Senior Officers.

The information may include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. With respect to the budget, any variance between the projections and actual results should also be disclosed and explained.

ARTICLE 19. The Directors' Right

The individual Directors have the right to:

1. Receive agendas and information sufficiently in advance, in order to prepare for Board and committee meetings.
2. Access to up-to-date information about the company in a timely way.
3. Disagree, in writing, with any Board action or decision, and record their dissenting vote.
4. Place items onto the agenda of board meetings.
5. Access to Senior Officers as reasonably needed, on a mutually convenient basis.
6. Obtain in-house advice on all duties.
7. Receive transparent and adequate compensation or remuneration.
8. Access to independent advice if required.

ARTICLE 20. Duties and Functions of Director

The functions and duties of Directors include the following functions:

1. Approve company policies and procedures
2. To contribute to and approve strategic plans for the organization
3. To monitor the implementation of policy
4. To ensure compliance with the law
5. To be a responsible employer
6. To appoint the CEO
7. To ensure the financial solvency of the company, proper financial management and control, and protection of shareholders assets
8. To provide leadership, support and encouragement
9. To ensure the Board is effective
10. To ensure the fulfillment of the objectives of the company
11. To provide an overview of performance and account to shareholders

ARTICLE 21. Responsibilities of Board

It is the Board's responsibility to foster the long-term success of the company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it should exercise in the best interest of the company and its shareholders.

The Board should ensure that Directors undertake the necessary continuing education to keep themselves up-to-date with corporate governance, legislative and regulatory developments that affect the company and its business.

The Board should include in the Annual report each year, information about Director's education undertaken during the year.

ARTICLE 22. Obligation of Director

Each Director has the obligation to be independent in judgment and action and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors. This obligation includes:

1. Acting in good faith for the benefit of the company as a whole and shareholders;
2. Using powers for a proper purpose for the benefit of the company as a whole;
3. Not delegating powers except with proper authorization and duty to exercise
4. Exercising care, skill and diligence;
5. Properly managing any conflict related to the interest of the company;
6. Not entering into transactions in which the directors have an interest except in compliance with approved policy and procedures;
7. Not taking improper advantage of the position of Director;
8. Not making improper use of information acquired as a Director;
9. Not accepting personal benefit from the third parties conferred because of the position as a director;
10. Complying with the company's memorandum and articles of association and resolutions;
11. Declaring conflicts of interest.

ARTICLE 23. Code of Conduct

The Board shall approve a Code of Conduct for directors and senior officers and publicly disclosed.

ARTICLE 24. Nomination of the Corporate Secretary

The board shall appoint a corporate secretary to assist in their work. The Corporate secretary must be Cambodian, is a senior officer of the company and good performance, loyalty and discipline.

ARTICLE 25. Duties, Roles, and Responsibilities of the Corporate Secretary

The Corporate secretary shall report to the board through the Chairman and have the following roles, duties and responsibility:

1. Establish an effective working relationship with the board and senior officers of the company.
2. Support the board and board committees.
3. Keep up-to-date with the development of laws and regulation that might affect the board and the company's operations,
4. Keep up-to-date with Corporate Governance and corporate social responsibility (CSR) development.
5. Facilitate effective communication between the board and Senior Officers in order to support the decision making process.
6. Arrange, manage, procedures and minutes taking and kept for board and shareholder meetings.

CHAPTER IV

NOMINATION AND TERMINATION OF DIRECTOR

ARTICLE 26. New Director

When the company establishes a Nomination Committee, appointment of all directors shall be processed through the committee as stated in Article 36 of this Prakas. There shall be a formal and transparent procedure ensuring fairness and independence of the process.

The nomination committee shall establish a procedure to allow minority shareholders to propose board candidates. All directors shall be elected by shareholders.

ARTICLE 27. Qualification of the Nominee

The nomination committee shall consider the following criteria for persons nominated for director positions:

1. Legality, Enthusiasm, Flexibility, and Integrity.

2. A strong commitment to serve the company and shareholders.
3. Having the time, energy, and support necessary to fulfill all duties including meeting and conference attendance.
4. Ability to work effectively as a team member.
5. Ability to work effectively towards the common goals of the company and shareholders.
6. An understanding of the role of a director in the business,
7. Experience of at least three (03) years in the field relevant to his/her position as a director.
8. Demonstrated leadership abilities.
9. Ability to play a proactive role in turnaround situations.

ARTICLE 28. Criteria for Disqualify of the Nominee

The nomination committee may use the following grounds for disqualifying any nominee:

1. Any person who has been finally convicted.
2. Any person finally convicted judicially or administratively of an offense involving fraud, embezzlement, forgery, bribery, or transgressions, or who has abetted, induced or procured the violation of any provision of the Securities Regulation.
3. Any person declared to be bankrupt by the court in last five (05) years.
4. Any person finally found guilty by a foreign court or foreign authority.
5. Any person shown to be related to money laundering or financing terrorism.

ARTICLE 29. Terminate or Dismissal of Director

No director may be terminated or dismissed from the position of director without proper and fair reasons, communicated to the director, and an opportunity to be heard.

Grounds for termination or dismissal of a director may include:

1. Refusal to fully disclose information related to a conflict of interest.
2. Absence from or non-participation in, for whatever reason/s, more than 50% of all boards and shareholders meetings during one (01) fiscal year.

3. Suspension, dismissal or termination from board membership of another company.
4. Loss of independence of an independent director, such as through becoming a senior officer or employee of the company.
5. The independent director holding more than 1% of the company's shares.
6. Conviction for any of the matters identified in Article 28.

CHAPTER V

INDEPENDENT DIRECTOR

ARTICLE 30. Condition to be an Independent Director

An independent director shall have sufficient qualifications fulfilling proper criteria as follows:

1. Has not been employed by the company during the last year;
2. Is not a significant customer or supplier of the company;
3. Has no personal service contracts with the company, or its senior officer;
4. Is not affiliated with a non-profit organization that receives significant funding from the company;
5. Is not a member of the family of an individual who is, or has been during the last year, a director of the company or employed by the company as CEO or senior officer;
6. Is not, nor in the last year has been, employed by a present or former auditor of the company.

ARTICLE 31. Participation in decision-making of Independent Directors

The independent directors shall be able to participate in important company decision-making and to supervise and support the senior officers. The board of directors shall ensure that the independent director is free of any personal or material relationship with the company's senior officers or other employees that might reasonably be expected to interfere with the independent exercise of his/her best judgment for the exclusive interest of the company and the performance of the following tasks:

1. Participating in board meetings of the company to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, senior officer's appointments and standards of conduct;

2. Taking the lead role in solving and preventing the potential conflicts of interests;
3. Serving on the board committees such as the audit committee and, risk management committee, nomination committee and other committees;
4. Scrutinizing the company's performance in achieving agreed company goals and objectives, and monitoring performance.

ARTICLE 32. Interest of Independent Directors in Company

Independent directors shall hold no interests that may hinder their independence.

An independent director:

1. Shall not hold more than 1% of the company's shares.
2. Shall submit a letter of confirmation on appointment indicating that he/she has no material interest with the company;

A person shall not qualify as an independent director if he or she, or his or her family member was:

- a. Employed by/as a senior officer of the company within the last 02 years;
- b. Employee of an internal or external auditor of the company;
- c. A current employee of an internal or external auditor of the company or he/she personally worked on the company's audit within the last 02 years;
- d. A current senior officer of insurance company of the company;
- e. Employed by/as a senior officer of a company that has on the compensation committee of its board an executive officer of the company;
- f. A senior officer of an entity who receives contributions from the company.

CHAPTER VI BOARD'S COMMITTEE

ARTICLE 33. Committees of the Board

To ensure good corporate governance, the Board shall constitute committees as follow:

-Audit committee,

-Risk management committee for public listed company had asset from 200,000,000,000 (two hundred thousand million) Riel and over. The public listed company had asset less than 200,000,000,000 (two hundred thousand million) Riel may consider to have Risk management committee if necessary.

The board can consider to establish Nomination committee and other committees as necessary and as required by SECC.

ARTICLE 34. Audit Committee

The Audit committee shall be composed of at least three (03) members and chaired by independent director. At least a member is a financial expert and others should be preferably with accounting and finance background.

Roles and duties of the committee shall be determined by the board, include following roles and duties:

- Review all financial reporting;
- Review internal control;
- Review internal auditing;
- Review external auditing;
- Report the committee activities to the board.

ARTICLE 35. The Risk Management Committee

The risk management committee shall be composed of at least three (03) members and chaired by independent director. At least a member is expertise in finance and risk management.

The roles and duties of the committee shall be determined by the board. The following roles and duties should be included:

- Risk analysis including: risk description, risk identification, risk estimation.
- Risk evaluation
- Risk reporting
- Risk treatment
- Risk monitoring.

The public listed company had asset less than 200,000,000,000 (two hundred thousand million) Riel, the duties of the risk management committee may be carried out by the Audit Committee.

ARTICLE 36. The Nomination Committee

The nomination committee shall be composed of at least three (03) members, all of whom shall be non-executive directors with at least one (01) independent director.

Roles and duties of the committee shall be determined by the board, and should include review and evaluation for the board of the qualifications of candidates for the position of directors or senior officers.

The Nomination Committee may also include responsibility for setting or reviewing and recommending the compensation and remuneration of the Board and Senior Officers.

CHAPTER VII

AUDITING

ARTICLE 37. Role of Board in Internal Audit

The Board is accountable to the shareholders and the senior officers are accountable to the Board.

The Board shall provide the shareholders with a balanced and understandable assessment of the company's performance, position and prospects on semester basis, or as otherwise required by the SECC or listing rules. The senior officers shall provide the Board with a balanced and understandable account of the company's performance, position and prospects on a quarterly basis and should report to the board monthly on financial and material operational performance.

ARTICLE 38. Obligation of Internal Auditor

A public listed company shall have internal an audit function. The Internal Auditor shall report directly to the Audit Committee and should be primarily responsible for the following:

1. Present a balanced and understandable assessment of the company's performance, position and prospects.
2. Report about the company's business processes and any potential problems.
3. Maintain a sound system of internal control to safeguard shareholders and stakeholders' interests and investments and the company's assets;
4. Carry out internal audit investigations covering the evaluation of the adequacy and effectiveness of governance, operations, information systems, controls to safeguard assets, and compliance with laws and regulations.
5. Provide the Audit Committee with an annual report on the internal audit department's activity relative to the audit plans and strategies approved by the

Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior officers. The Audit Committee shall subsequently provide a report to the shareholders of the company as part of the board's Annual Report.

6. The Audit Committee shall ensure that the internal auditors have free and full access to all the company's records, properties and personnel details relevant to the internal audit activity and that the internal auditors are free from interference in determining the scope of internal auditing examinations, performing work, and communicating results.

ARTICLE 39. Qualification of Head of Internal Auditor

The Head of Internal Audit should have following qualification:

1. At least a bachelor degree, with training and experiences in the field of auditing.
2. Knowledge related to standards and regulations relevant to the company's operations.
3. Competence in leading and managing auditing staff.
4. Commitment to auditing standards.
5. Communication skills.
6. Honesty and ethical conduct.

ARTICLE 40. Responsibilities of Head of Internal Audit

The Head of internal audit shall not exercise any duties leading to conflicts of interest. The Head of internal audit shall comply with following principles:

1. All audit reports shall be circulated to audit committee and senior officers as well as line senior officers of the area audited.
2. Significant findings which affect the company's process must be reported to the audit committee.
3. A meeting with the audit committee shall be held at least once a year without the presence of senior officers.
4. Carry other audit duties assigned by the audit committee and the board.

ARTICLE 41. External Audit

The financial audit shall be carried out by external auditors who should be proposed by or with the assistance of, the audit committee of the board from among professional auditing firms recognized by SECC. The company's interaction with the external auditor should be overseen by the audit committee. To limit the risk of possible conflicts of

interest, audit services, non-audit services and fees paid to auditors for audit services and non-audit services should be both approved in advance by the audit committee and disclosed in the annual report.

A public listed company shall change the professional auditing firm used at least every three (03) years. A public listed company shall accept the cooling-off period of three (03) years for the professional auditing firm used. In order to avoid any conflict of interest, the auditing firm should not at the same time provide bookkeeping services include payroll, financial information system design and implementation services, appraisal or valuation services, fairness opinions and contribution-in-kind reports, actuarial services, internal audit outsourcing and other services that lead to conflict of interest.

ARTICLE 42. Suspend or Terminate External Auditor

The reasons for any resignation, dismissal or cessation from service of the external audit firm and the date thereof shall be disclosed in the company's annual report and reported to SECC immediately and not later than five (05) working days. The annual report shall include a discussion of any disagreement with the former external auditor firm on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which was not resolved to the satisfaction of the former audit firm.

ARTICLE 43. Duties, Roles and Responsibilities of External Auditor

The external auditor shall have the Duties, Roles and Responsibilities as follow:

1. Provide an external and objective opinion whether the financial statements truly and fairly represent the financial position and performance of the company in accordance with International Financial Reporting Standards (IFRS) or any alternative standard approved in the Kingdom of Cambodia.
2. Comply with the International Standards on Auditing (ISA) or any other auditing standard approved in the Kingdom of Cambodia.

CHAPTER VIII STAKEHOLDERS

ARTICLE 44. Protection of Stakeholder Rights

Creditors, related parties or persons having contracts with the company are considered as stakeholders. The rights of all stakeholders shall be protected. The company shall ensure the protection of all stakeholders' rights by:

1. Having a clear strategic management policy which supports and protects stakeholder rights.
2. Ensuring compliance with the Labor Law in Kingdom of Cambodia.

3. Not being negligent in its corporate social responsibilities (CSR), such as consumer protection and environmental protection.

4. Recognising and protecting the separate rights of a person who is both a stakeholder and shareholder.

ARTICLE 45. Information and Stakeholder Monitoring

The company shall provide stakeholders, creditors and employees all relevant information necessary to enable them to monitor the performance of the company and protect their rights.

CHAPTER IX

DISCLOSURE AND TRANSPARENTCY

ARTICLE 46. Market for Corporate Control

Public listed company shall establish management system through market mechanisms such as:

1. Mechanism shall establishes through a transparent and fair when acts lead to change in corporate control, such as takeovers, mergers, acquisitions and transfers of business.

2. Mechanism related to acts of defending corporate control shall not involve sacrificing the profit of company and shareholders. If this acts need to sacrifice the profit of company and shareholders, this sacrificing shall be approved by shareholders.

3. Mechanism in fighting against hostile takeovers such as treasury stocks to defend corporate control, the purpose for such shall be announced in detail so that all stakeholders may understand the underlying reason and may predict its consequences.

ARTICLE 47. Disclosure and Transparency

The company shall disclose, in an efficient and timely way, information that is required by Law and regulation and any other information the company should disclose that may influence the decision-making of shareholders and other stakeholders.

Material information concerning corporate governance to be disclosed includes:

1. The composition of the Board, executive directors, non-executive directors, independent directors, board structure, management structure, incentive policies, policies regarding conflicts of interest and the Code of Conduct for directors and senior officers.

2. Rights, roles and duties and activities of the board's committees.

3. Activities of directors and the Board during the period covered by the disclosure.

4. The process for the system of cumulative voting, if adopted by shareholders.

ARTICLE 48. Format of the Disclosure

The company shall prepare information for disclosure that may easily be understood, avoiding ambiguous and technical terms. Publicly disclosed information shall be accessible at minimal cost. Complex information should provide explanations so that the general public may easily understand the information.

In any case where the document to be disclosed is prepared in a foreign language, the company shall translate those documents into Khmer by an agent recognized by the SECC.

The company shall designate a person to oversee disclosure matters, including reporting the market and SECC by the board and an internal information control system shall be established so that important corporate information may be quickly transmitted to that person. To disclose corporate information in a timely and accurate manner, persons overseeing disclosure shall be given the right to quick access within the company.

CHAPTER X PENALTIES

ARTICLE 49. Administrative Sanction

If any person contravenes any provisions of this Prakas, the Director General of SECC is authorized to apply the following administrative sanction:

- A warning
- A correction order
- A temporary suspension or dismissal of directors and/or senior officers of the public listed company
- Suspension or cancellation of disclosure document registration
- Suspension or dismissal of trading in the permitted securities market.

ARTICLE 50. Penalties

Any persons, who contravene any provisions of this Prakas may be liable for a cash penalty from 5.000.000 to 50.000.000 Riels.

CHAPTER XI

FINAL PROVISIONS

ARTICLE 51. Adoption of Guidelines

The SECC may adopt guidelines in accordance with the Law, Anukret, and this Prakas for the purpose of facilitating understanding and enforcement of the requirements of this Prakas to the public listed companies, stakeholders, related parties, securities market participants and public.

ARTICLE 52. Abrogated

All provisions contrary to this Prakas are hereby abrogated.

ARTICLE 53. Application

Director General, Deputy-Director General of SECC, Securities Issuance department, departments, other units of SECC and related parties shall implement this Prakas after the date of signing.

Phnom Penh, 31 December 2009

Signature and Seal
KEAT CHHON

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