

ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ



គណៈកម្មការមូលបត្រកម្ពុជា

SECURITIES AND EXCHANGE COMMISSION OF CAMBODIA

PRAKAS
ON
CORPORATE GOVERNANCE
FOR
LISTED PUBLIC ENTERPRISE



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SECURITIES AND EXCHANGE COMMISSION OF CAMBODIA

N°.....013/10.....SECC.....

PRAKAS
ON
CORPORATE GOVERNANCE FOR THE LISTED PUBLIC ENTERPRISE

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/RKT/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. CS/RKM/0696/03 on 17 June 1996 promulgated the Law on the General Statute of Public Enterprises;
- 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;
- 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. 41/ANKR/BK on 06 August 1997 on the Implementation of the Law on the General Statute of Public Enterprises;
- Having seen the Anukret No. 42/ANKR/BK on 06 August 1997 on the auditor of the Listed Public Enterprise;

Unofficial Translation

- 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 Securities and Exchange Commission of Cambodia in plenary meeting on 08 November 2010

HEREBY DECIDES CHAPTER I GENERAL PROVISION

ARTICLE 1. Purpose of this Prakas

The purpose of this Prakas is to set out the requirements for the corporate governance practice by the Listed Public Enterprise pursuant to the Law on the Issuance and Trading of Non-Government Securities and the Anukret on the Implementation of the Law on the Issuance and Trading of Non-Government Securities.

ARTICLE 2. Scope of the Prakas

This Prakas shall be applicable to Public Enterprises which conduct public offer of securities in the Kingdom of Cambodia.

ARTICLE 3. Assurance for Good Corporate Governance

Listed Public Enterprises shall assure good corporate governance through formulating mechanisms to protect shareholders' rights, organizing their management structure and corporate governance, defining the authority and obligations of the board of directors, setting up an effective controlling system and protecting stakeholders' rights in accordance with the provisions 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 and the Glossary Annexed to the Law on the Issuance and Trading of Non-Government Securities, and the Anukret on the Implementation of the Law on the Issuance and Trading of Non-Government Securities.

1. Board of Director: means the board of Public Enterprises, of which some members are appointed by Anukret proposed by the related organization and

some other members, are elected by shareholders and one member as employee's representative appointed and elected by employees.

2. Audit committee: means a committee of the board responsible for review and oversight of the Listed Public Enterprise's financial statement, 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 Listed Public Enterprise's risks and risk management.

4. Nomination committee: means a specialized committee of the board responsible for review and assess the qualifications of candidates to be nominated by the board.

5. Senior officer: means a person holding a position from head of department to chief executive officer, or equivalent, including the corporate secretary and head of internal audit and any other important positions of the Listed Public Enterprise.

6. Minority shareholder: means any shareholder who owns less than 5% of Listed Public Enterprise's total shares.

7. Public Shareholder: means a public person who holds the shares of the Listed Public Enterprise.

8. Public Ownership: means the shares held by a public shareholder of a joint stock company's capital, held by the government, public institution or state-owned enterprise.

9. Private Shareholder: means a private person who holds the shares of the Listed Public Enterprise.

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

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

12. Public Enterprise: means the Enterprises established according to the Law on the General Statute of Public Enterprises.

13. Listed Public Enterprise: means the Public Enterprise which conducts public offer in the Kingdom of Cambodia.

14. Self-dealing: means the conduct of a trustee, an attorney, a Listed Public Enterprise's officer, or other fiduciary that consists of taking advantage of his/her position in a transaction and acting for his/her own interests.

15. Director: means the board members of Listed Public Enterprise who may be an executive director, a non-executive director or an independent director.

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

17. Executive Director: means a director who holds position as a senior officer in the Listed Public Enterprise.

18. Non-Executive Director: means a director, who doesn't execute daily operation in the Listed Public Enterprise, who is a non-executive director as the representative of private shareholders and public shareholders.

CHAPTER II SHAREHOLDERS

ARTICLE 5. Shareholder's Rights

Shareholders' rights shall be respected and protected by the Board of the Listed Public Enterprise.

Shareholders have the right to the registration of their ownership, conveyance or transfer of shares, the right to obtain relevant information on the Listed Public Enterprise, participate and vote in the general shareholder meetings.

ARTICLE 6. The Minority Shareholders' Right

The rights and interests of minority shareholders shall be protected by the board of the Listed Public Enterprise, such rights include:

1. The right to seek information;
2. The right to voice opinion;
3. The right to redress.

The Board should ensure the effective interaction between minority shareholders, senior officers and the board.

ARTICLE 7. Right to Access Information

The Listed Public Enterprise should have a website which the shareholders and the public can access information. Shareholders shall access audited annual financial statements, operating results, any quarterly financial reports, information about the directors and senior officers, and other information about the Listed Public Enterprise. If the Listed Public Enterprise does not have the website, shareholders may request the hard copies of the above mentioned information and are required to pay reasonable fees for the costs of printing and distribution.

ARTICLE 8. Equitable Treatment of Shareholder

All shareholders of the same class of shares shall be treated equally. Processes of and procedures for general shareholders meeting shall be made under the condition which allows all shareholders to have equal rights.

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.

Shareholders shall access all necessary information from the Listed Public Enterprise in a timely manner, and none of any shareholders can access non-disclosed information from the Listed Public Enterprise.

ARTICLE 9. Shareholder Protection and Prohibition

Directors, senior officers or shareholders shall not engage directly or indirectly in insider trading or unfair self-dealing. Directors and Senior Officers of the Listed Public Enterprise shall not be allowed to trade the Listed Public Enterprise's securities during the following periods:

1. Ten (10) working days before the release of financial information to one (01) day after the release of financial information; and
2. Seven (07) working days before a board meeting to one (01) day after the board meeting.

Within one (01) year after listing or within reasonable periods authorized by the Director General of the SECC, the Listed Public Enterprise shall approve and publish trading management policy for its directors and employees.

ARTICLE 10. Shareholders' Responsibilities

Shareholders shall be responsible for exercising their voting right. Substantial shareholder and controlling shareholder shall disclose the information to the public when there are any changes in their shareholding possession.

CHAPTER III BOARD OF DIRECTORS

ARTICLE 11. Composition of the Board

The Board of listed Public Enterprise shall not exceed seven (07) members pursuant to the law on the General Statute of Public Enterprises. The board shall have at least one (01) independent director and one (01) non-executive director as a representative of the private shareholders.

ARTICLE 12. Roles of the Board

The Board of Directors shall perform their duties with loyalty, skill, and duty of care, by performing the following major roles:

1. Shall take full responsibilities and serve the legitimate interests of the shareholders and the Listed Public Enterprise;
2. Shall act honestly, in good faith and in the best interest of the Listed Public Enterprise and the shareholders;
3. Shall ensure that the Listed Public Enterprise communicates effectively with shareholders, and other stakeholders;

4. Shall determine, monitor, and evaluate strategies, policies, management performance criteria, and business plans;
5. Shall set up and monitor internal controls;
6. Shall provide leadership, by setting up strategic directions, and ensuring that the necessary resources are in place to meet its determined objectives; and
7. Directors shall not abuse power by interfering in the senior officers' duties.
8. Recommend to a technical responsibility ministry on replacing a general director of Listed Public Enterprise.

ARTICLE 13. Board Meetings

The Board meetings shall be held in accordance with the requirements mandated in Article 12 of the law on the General Statute of Public Enterprises and Article 8 of the Anukret on the implementation of the law on the General Statute of Public Enterprises. The board members, especially independent director(s), shall participate personally in both ordinary and extraordinary board meetings.

The directors shall take clear responsibilities to make sure that no director or any small group may put pressure on the board's decision.

ARTICLE 14. Compensation or Remuneration of the Directors and Senior Officers

Independent director and non-executive director shall remunerate as the same as directors representing public shareholders.

The Listed Public Enterprise shall have formal and transparency remuneration policy by determining aggregate compensation and remuneration package for directors and senior officers.

The Listed Public Enterprise's annual report shall disclose separately about the direct or indirect aggregate compensation and remuneration of the board of directors, senior officers including general director.

ARTICLE 15. Providing Information to the Directors

Directors shall be provided with complete, adequate, accurate and timely information prior to Board meetings as defined on the law on the General Statute of Public Enterprises. The board shall approve in principle the providence of such information thereto.

The Listed Public Enterprise's senior officers have an obligation to provide the Board with complete, adequate and accurate information in a timely manner. In the case where it is necessary for the directors to fulfill their duties properly, individual director may require additional information from Senior Officers.

The information to be provided to the board members may include the background or the detailed explanation relating to matters to be brought before the Board meetings, the copies of disclosure documents, the budgets, the forecasts and the financial statements. With respect to the budget, any variance between the projections and actual results should also be disclosed and explained clearly.

ARTICLE 16. The Directors' Right

Directors shall have the following rights:

1. Receive agendas and information in a timely manner, in order to be ready for Board and committee meetings.
2. Access to up-to-date information about the Listed Public Enterprise.
3. Disagree, in writing, with any Board's action or decision, by recording properly their dissenting votes.
4. Propose any related topics onto the agenda of board meetings.
5. Meet with any Senior Officers as necessity, on a mutually convenient basis.
6. Obtain advices on all duties.
7. Access to independent advice if required.

ARTICLE 17. Duties and Functions of Directors

Directors shall have following duties and functions:

1. To approve the Listed Public Enterprise's policies and the implementation procedures
2. To contribute and approve strategic plans of the Listed Public Enterprise.
3. To monitor the implementation of policies.
4. To ensure the compliance with the laws and other relevant regulations.
5. To be responsible for the Listed Public Enterprise.
6. To ensure the financial solvency of the Listed Public Enterprise, with proper financial management and control, and to protect shareholders' assets
7. To provide leadership, support and motivate employees.
8. To ensure that Board of Listed Public Enterprise is effective in leading.
9. To ensure that the Listed Public Enterprise's objective is met.
10. To provide perspective on the performance and the accountability to shareholders

ARTICLE 18. Responsibilities of Board

The board shall be responsible for the Listed Public Enterprise's long-term success and the sustainability of comparative advantage by ensuring the consistency with its legal responsibilities, and shall exercise in the best interest of the Listed Public Enterprise and shareholders.

The Board should ensure that the Directors access training in order to keep themselves up-to-date with the development of corporate governance, laws and other regulations that may affect the operation of the Listed Public Enterprise.

The board shall incorporate the information about the Directors' training in the annual report of the Listed Public Enterprise.

ARTICLE 19. Directors' Obligation

Directors shall be independent in judgment and action, and take all reasonable steps to ensure the soundness of board of directors' decisions. This obligation includes:

1. Shall act in good faith for the benefit of the Listed Public Enterprise and shareholders as a whole;
2. Shall exercise proper powers for the benefit of the Listed Public Enterprise as a whole;
3. Shall perform duties carefully, skillfully, and diligently;
4. Shall properly resolve any conflicts related to the interests of the Listed Public Enterprise;
5. Shall not enter into any transactions, in which the directors have interests, except in compliance with approved policies and procedures;
6. Shall not take advantages from the position as a director;
7. Shall not make improper use of information from the Listed Public Enterprise;
8. Shall not accept gifts in the position as a director from the third parties;
9. Shall make public announcements on his/her conflicts of interest related to the Listed Public Enterprise.

ARTICLE 20. Code of Conduct

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

ARTICLE 21. Nomination of the Corporate Secretary

The boards shall appoint a corporate secretary to assist in their functions. The Corporate secretary must have good characters, be a Cambodian nationality, and be a senior officer of the Listed Public Enterprise with a good performance, loyalty and strong commitment.

ARTICLE 22. Duties, Roles, and Responsibilities of the Corporate Secretary

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

1. Shall build an effective working relationship with the boards and senior officers of the Listed Public Enterprise.
2. Shall support the working process of the board and board committees.
3. Shall keep up-to-date with the development of laws and regulations that might affect the board and the Listed Public Enterprise's operations.

4. Shall keep up-to-date with Corporate Governance and corporate social responsibility (CSR) development.
5. Shall facilitate the communication between the board and Senior Officers in order to support the decision making process.
6. Shall prepare, manage procedures and maintain minutes of the board and shareholder meetings.

CHAPTER IV NOMINATION AND TERMINATION OF DIRECTOR

ARTICLE 23. Nomination of Independent Director

Independent director shall be nominated by the board of director and elected at the general shareholder meeting from at least two proposed candidates.

In the case that the independent director(s) is a foreigner, s/he shall have at least 6-month of working experiences in the Kingdom of Cambodia before becoming the independent director of the Listed Public Enterprise.

ARTICLE 24. Nomination of Non-Executive Director as a representative of Private Shareholders

Non-executive director representing private shareholders shall be nominated by the board of director from candidates proposed by private shareholders and elected by private shareholders. The chairman of the board shall develop procedures and make convenient arrangement for private shareholders to propose the candidate(s) and to elect him/her as the non-executive director representing shareholders.

ARTICLE 25. Mandate of Independent Director and Mandate of Non-Executive Director as Representative Private Shareholders

The mandate of the Independent director and the non-executive director representing private shareholders shall be three (03) years. If necessary, the mandate can be renewable for one time.

ARTICLE 26. Qualifications of Nominee of Non-Executive Director representing private shareholders

The candidates of non-executive director representing private shareholders shall have sufficient qualifications, by fulfilling proper criteria as follows:

1. Legality, talent, competency, and integrity.
2. A strong commitment in serving the interest of the Listed Public Enterprise and shareholders.

3. Having sufficient time, energy, and support necessary to fulfill all duties including the attendance of the meeting and the conference.
4. Ability to work effectively as a team member.
5. Ability to work effectively towards the common goals of the Listed Public Enterprise and shareholders.
6. An understanding his/her roles as a director in the business.
7. Have at least three (03) years experiences in the relevant field to his/her position as a director.
8. Show his/her leadership.
9. Ability to play a proactive role in turnaround situations faced by the Listed Public Enterprise.

ARTICLE 27. Disqualified Candidate(s) as Non-Executive Director Representing Private Shareholders

The non-executive director representing private shareholders' candidate(s) shall be disqualified under the following conditions:

1. Any person who has been convicted.
2. Any person who has been sentenced by the court or punished by authority for an offense involving fraud, embezzlement, forgery, bribery, transgression, or for abetting, inducing or colluding in any violation.
3. Any person declared bankruptcy by the court in the last five (05) years.
4. Any person who found guilty by a foreign court or has been punished by foreign authority.
5. Any person related to money laundering or financing terrorism.

ARTICLE 28. Termination of the Board Members

Independent director(s) and non-executive director(s) representing private shareholders shall not be terminated or dismissed from their position without the proper and fair reasons, and must be informed in advance.

Conditions for termination or dismissal include:

1. Non-disclosed information related to a conflict of interest.
2. Absence, for whatever reasons, from the board and shareholders meetings more than 50% during one (01) fiscal year.
3. Suspension, dismissal or termination from the board membership of another company.
4. Independent director(s) becoming senior officer or employee of the Listed Public Enterprise.
5. The independent director(s) holding more than 1% of the Listed Public Enterprise's shares.

6. Conviction for any violation as stipulated in Article 27 of this Prakas.

In the case where directors representing the public ownership is under one of the above six conditions, independent director(s) or non-executive director(s) representing private shareholders can propose his/her dismissal or replacement to the board for consideration in compliance with the procedures as stipulated in the Law on general statute of public enterprise, in effect.

CHAPTER V

INDEPENDENT DIRECTOR

ARTICLE 29. Requirements for Independent Director(s)

An independent director(s) shall have sufficient qualifications, by fulfilling proper criteria as follows:

1. Shall not be employed by the Listed Public Enterprise during the last one (01) year;
2. Shall not have a significant relation with customer or supplier of the Listed Public Enterprise;
3. Shall not have any contracts with the Listed Public Enterprise, or with its senior officer;
4. Shall not have relation with non-governmental organization or a non-profit association that received significant funding from the Listed Public Enterprise;
5. Shall not be a family member of the person who was employed as director or general director or senior officer by the Listed Public Enterprise during the last one (01) year.
6. Shall not be the auditor, or currently be the auditor, of the Listed Public Enterprise during the last one (01) year.
7. Shall not be the employee of the Listed Public Enterprise or government officer.

ARTICLE 30. Participation of Independent Directors in Decision-Making

The independent directors shall participate in the Listed Public Enterprise's decision-making, supervise and support the senior officers. The board of directors shall ensure that the independent director(s) is free of any material relationship with the Listed Public Enterprise's senior officers or other employees that might interfere with the independent exercise of his/her best judgment for the exclusive interest of the Listed Public Enterprise. The independent director(s) shall perform the following tasks:

1. Participating in board meetings to bring an independent judgment on the issues of strategy, policy, accountability, resources, appointment of officers and compliance with regulations related to the leadership;
2. Being the leader in solving and preventing the potential conflicts of interests;

3. Serving the board's committees such as the audit committee, risk management committee, nomination committee and other committees if any;
4. Monitoring the Listed Public Enterprise's performance to ensure the achievements of goals and objectives.

ARTICLE 31. Interests of Independent Directors in Listed Public Enterprise

Independent directors shall not hold any interests that may hinder their independency.

An independent director:

1. Shall not hold more than 1% of the Listed Public Enterprise's shares.
2. Shall submit a letter of confirmation indicating that he/she has no material interests with the Listed Public Enterprise;

An independent director shall not be qualified if he/she, or his/her family member:

1. is employed by/as a senior officer of the Listed Public Enterprise within the last 02 years;
2. is being employed as an internal auditor of the Listed Public Enterprise or an external auditor of professional accounting firm who participates in auditing the Listed Public Enterprise;
3. is employed as an internal auditor of the Listed Public Enterprise or is an external auditor of professional accounting firm who participates in auditing the Listed Public Enterprise within the last 02 years;
4. is currently employed as a senior officer of the insurance company of the Listed Public Enterprise;
5. is employed by/as the Listed Public Enterprise's senior officer, who served as the compensation committee member of the Listed Public Enterprise;
6. is employed as a senior officer of an entity or non-governmental organization which receives contributions from the Listed Public Enterprise.

CHAPTER VI

BOARD'S COMMITTEES

ARTICLE 32. Committees of the Board

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

1. Audit committee,
2. Risk management committee in the case the Listed Public Enterprise with assets from 200,000,000,000 (two hundred thousand million) Riels. The Listed Public

Enterprise with assets of less than 200,000,000,000 (two hundred thousand million) Riels may constitute Risk management committee if necessary.

Besides, the board can constitute a nomination committee and other committees if necessary and recommended by the SECC.

ARTICLE 33. Audit Committee

The Audit committee shall compose of at least three (03) members and chaired by independent director. At least one (01) member shall have financial expertise and rich in experiences in finance and other members shall be literate in finance and accounting.

Roles and duties of the committee shall be determined by the board, includes:

- Review financial statement;
- Review internal control;
- Review internal auditing;
- Review external auditing;
- Report the committee's activities to the board.

ARTICLE 34. The Risk Management Committee

The risk management committee shall play key role in managing risks related to the Listed Public Enterprise's operation. This committee shall compose of at least three (03) members; at least one (01) member shall have expertise and experiences in finance and risk management.

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

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

Where the Listed Public Enterprise has assets of less than 200,000,000,000 (two hundred thousand million) Riels, the roles and duties of the risk management committee may be executed by the Audit Committee.

ARTICLE 35. Nomination Committee

In the case the nomination committee is constituted, the committee shall compose of at least three (03) members who shall be all non-executive directors.

Roles and duties of the committee shall be determined by the board, including the review and the assessment of the qualifications of candidates to be nominated by the board.

The committee may also take responsibility for setting or reviewing the procedures and recommending the compensation and remuneration of the board and senior officers.

CHAPTER VII

AUDITING

ARTICLE 36. Roles of Board in Internal Auditing

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

ARTICLE 37. Obligation of Internal Auditor

Listed Public Enterprise shall have an internal audit unit. The Internal Auditor shall report directly to the Audit Committee and should be primarily responsible for the followings:

1. Present a balanced and understandable assessment of the Listed Public Enterprise's performance, position and prospects.
2. Report on the Listed Public Enterprise's business processes and any potential problems.
3. Maintain a sound system of internal control to safeguard shareholders' interests, stakeholders' investments and the Listed Public Enterprise's assets;
4. Execute internal audit investigations, covering the evaluation of the adequacy and effectiveness of governance, operations, information systems, including safeguard assets, and compliance with laws and regulations.
5. Provide the Audit Committee and senior officers with an annual report on its activities related 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 requested by the Board and senior officers. The Audit Committee shall provide a report to the shareholders of the Listed Public Enterprise as a part of the board's Annual Report.

The Audit Committee shall ensure that the internal auditors are fully access to all information related to the properties records and personnel details relevant to the internal audit activities and ensure that the internal audit activities are free from interference in determining the scope of internal auditing examinations, work performance, and communicating results.

ARTICLE 38. Qualifications of Head of Internal Audit

The Head of Internal Audit shall have following qualifications:

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

ARTICLE 39. Responsibilities of Head of Internal Audit

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

1. All audit reports shall be circulated to audit committee and relevant senior officers as well as line senior officers of the area audited.
2. All significant findings which may affect the Listed Public Enterprise's function must be reported to the audit committee.
3. Hold a meeting with the audit committee 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 40. External Audit

The financial audit shall be exercised by external auditors of professional accounting firm accredited by the SECC. The board shall nominate professional accounting firm in the request of audit committee, according to the law on the General Statute of Public Enterprises. The interaction between the Listed Public Enterprise and 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.

ARTICLE 41. Change of Professional Accounting Firm

The Listed Public Enterprise shall change its professional accounting firm at every three (03) years or less. The Listed Public Enterprise shall not employ the same

professional accounting firm within three (03) years after the term of the previous contract expired. In order to avoid any conflict of interest, the Listed Public Enterprise shall not employ the additional services delivered by its professional accounting firm, such as internal audit services, accounting record services, financial information system design and implementation services, appraisal or valuation services, services concerning pensions of staffs of the Listed Public Enterprise and other services that may lead to the conflict of interest.

ARTICLE 42. Suspension or Termination of Professional Accounting Firm

Any resignation, dismissal or cessation of auditing service of the professional accounting firm shall state the specific reasons in the annual report and shall be informed in writing to the SECC immediately within the period of not later than five (05) working days. The annual report shall include a discussion of any disagreement with the former professional accounting firm on any matter of accounting principles or practices, financial statement disclosure and auditing scope or procedure without any solutions to satisfy the former professional accounting firm.

ARTICLE 43. Duties, Roles and Responsibilities of External Auditor

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

1. Shall provide independent and realistic opinions on whether the financial statements truly and fairly represent the financial position and the operation of the Listed Public Enterprise in accordance with the Financial Reporting Standards adopted in the Kingdom of Cambodia.
2. Shall comply with the auditing standard adopted in the Kingdom of Cambodia.

CHAPTER VIII STAKEHOLDERS

ARTICLE 44. Protection of Stakeholders' Rights

Creditors, related interest individuals or individuals who have contracted with the Listed Public Enterprise are considered as its stakeholders. All stakeholders' rights shall be protected. The Listed Public Enterprise shall ensure the protection of all stakeholders' rights, including:

1. Shall have a clear strategic management policy to support and protect stakeholders' rights.
2. Shall ensure the compliance with the Labor Law of the Kingdom of Cambodia.
3. Shall not be negligent in its corporate social responsibilities (CSR), such as consumer protection and environmental protection.

4. Shall separate the recognition and protection of individual's rights when he/she is both a stakeholder and a shareholder.

ARTICLE 45. Information and Stakeholder's Observation

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

CHAPTER IX DISCLOSURE AND TRANPARENCY

ARTICLE 46. Corporate Control Through Market Mechanism

The Listed Public Enterprise shall establish a transparent and fair mechanism when there are any actions leading to change in corporate control, such as takeovers, mergers, acquisitions and transfers of business or liquidation in accordance with the law on the General Statute of Public Enterprises and the Anukret on the implementation of law on the General Statute of Public Enterprises.

ARTICLE 47. Disclosure and Transparency

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

Material information concerning corporate governance to be disclosed by the Listed Public Enterprise 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 individual directors and the Board.

ARTICLE 48. Format of the Disclosure

The Listed Public Enterprise shall disclose information in an easy-to-understand form, to avoid ambiguous and complicate technical terms. Publicly disclosed information shall be easily accessible and low cost. Where the complicated terms are used in the disclosure, the terms shall be attached with the explanations so that the general public may easily understand.

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

The Listed Public Enterprise shall designate an officer to be responsible for disclosed information, include reporting to the market and the SECC by the board, and shall have an internal information control system that can quickly transmit the material information of the Listed Public Enterprise to that officer. To disclose corporate information in a timely, accurate and effective manner, the officer shall have the right to quickly access the information of the Listed Public Enterprise.

CHAPTER X PENALTIES

ARTICLE 49. Administrative Sanction

The violation of any provisions of this Prakas shall be liable to the following administrative sanctions:

1. A warning
2. A correction order
3. Suspension or cancellation of disclosure document registration
4. Suspension or dismissal of trading in the permitted securities market.
5. Taking measure in accordance with laws and regulations applicable to temporarily suspend or dismiss director(s) and/or senior officer(s) of the Listed Public Enterprise.

ARTICLE 50. Penalties

Besides penalties as prescribed in the Law and regulations of the Kingdom of Cambodia, any Listed Public Enterprise that contravenes any provisions of this Prakas shall be liable for the penalty of 5.000.000 (five millions) to 50.000.000 (fifty millions) Riels.

CHAPTER XI TRANSITIONAL PROVISIONS

ARTICLE 51. Period for Reorganizing the Board of Director

The Listed Public Enterprise shall reorganize the board as stipulated under Article 11 of this Prakas within the period not exceed six (06) months after listing at permitted securities market.

The Listed Public Enterprise shall fully comply with the requirements within the period not exceed eighteen (18) months after listing at permitted securities market.

In the case of necessity and at the request of the Listed Public Enterprise, the director general of the SECC may provide additional time for the Listed Public Enterprise to comply with the requirements as stipulated in the Paragraph 1 and 2 of this Article.

CHAPTER XII FINAL PROVISIONS

ARTICLE 52. Amendment and Adoption of Guidelines

The SECC may adopt guidelines in accordance with the Law on the Issuance and Trading of Non-Government Securities, the Anukret on the Implementation of the Law on the Issuance and Trading of Non-Government Securities, and this Prakas for the purpose of facilitating understanding and enforcement of the requirements of this Prakas to the Listed Public Enterprise, stakeholders, related parties, securities market participants and public.

ARTICLE 53. Abrogation

Any provision contrary to this Prakas is hereby abrogated.

ARTICLE 54. Application

Director General, Deputy-Director General of the SECC, Securities Issuance department, departments, other units of the SECC, the Listed Public Enterprise and related parties shall implement this Prakas from the date of signature on.

Phnom Penh, 15 December 2010

Signature and Seal

KEAT CHHON

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- Ministry of Commerce
- Ministry of Justice
- National Bank of Cambodia
- Securities and Exchange Commission of Cambodia and its member
- As prescribed in Article 54
- Royal Gazette
- Archives-records