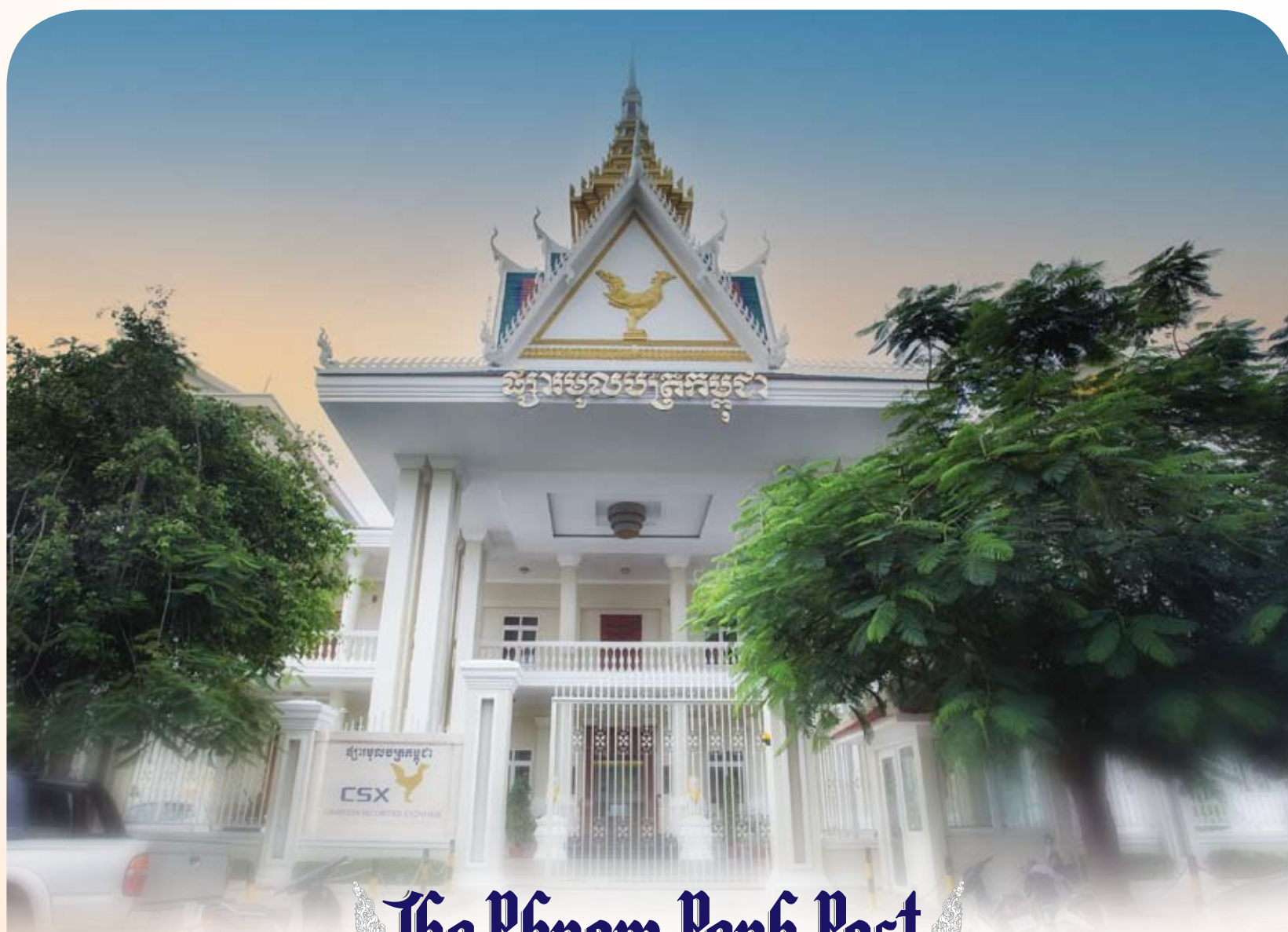


CELEBRATING 10TH ANNIVERSARY OF CAMBODIA SECURITIES EXCHANGE



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OF CAMBODIA SECURITIES EXCHANGE

ផ្សារមូលបត្រកម្ពុជា

CSX



From the
management and staff of



Grand Twins International (Cambodia) Plc

The Kingdom's securities market poised for even stronger growth

Deputy Prime Minister and Minister of Economy and Finance Aun Pornmoniroth's speech to mark the 10th anniversary of the CSX.

I WOULD like to congratulate HE Dr Hean Sahip, secretary of state at the Ministry of Economy and Finance, and chairman of the board of the Cambodia Securities Exchange (CSX), HE Sou Socheat, the director-general of the Securities and Exchange Regulator of Cambodia (SERC), and HE Hong Sok Hour, the CEO of CSX.

I would also like to applaud the management, staff and all stakeholders who have worked so hard to develop the securities market in Cambodia, which is expected to only grow even stronger in the future.

According to economic theory, the securities sector can contribute to the development of the national economy by increasing the efficiency of mobilising and allocating capital from economically capable financial agents to economic agents that need financing.

A flourishing securities sector will provide an alternative source of capital for business owners in general and create a source of income for individuals and economic entities, who can better diversify their investments.

In this regard, the securities market development project in Cambodia started under the high initiative of Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia.

The Prime Minister appointed a working group at the Ministry of Economy and Finance to study the possibility of establishing this securities market in 2006 under the direct leadership of HE Dr Keat Chhon, former Permanent Deputy Prime Minister and Minister of Economy and Finance.

The securities sector in Cambodia officially started with the introduction of the Law on the Issuance and Trading of Public Securities in 2007 and the launch of the Securities and Exchange Commission of Cambodia in 2008 and various players in the securities sector.

Protecting public interest

CSX was established as a joint venture between Cambodia, represented by the Ministry of Economy and Finance, and the Korea Securities Exchange in 2010, with the first securities trading – Phnom Penh Water Supply Authority – launched on April 18, 2012.

To develop the securities sector, the government, with the Ministry of Economy and Finance, is committed to supporting this sector through tax incentives for issuers and investors, aiming to protect the public interest and prepare regulations that are favourable to securities activities.

The government will continue to pay attention to this as well as consider additional mechanisms so that this market can fulfil its role in attracting capital and promoting investment activities in the national economy more broadly and more effectively.

The government has provided incentives – such as income tax



Deputy prime minister and Minister of Economy and Finance Aun Pornmoniroth (second right). SUPPLIED

reductions for listed enterprises on sales, both equity and bonds, tax deductions, and withholding tax on interest on dividends and bonds – since CSX was launched in 2012 until now.

It will continue to uphold this encouragement until it reaches an acceptable level of development.

The government also plans to issue sovereign bonds in 2022 to create a new source of financing for the state, as well as to create new financial instruments for investors in the securities market, especially institutional investors, such as banks and insurance companies, as well as pension and social security funds.

These new financial instruments are expected to be popular for trading on the CSX and provide a benchmark for corporate securities trading and financial analysis as implemented in developed markets.

Driving force

The glow of peace over the past two decades is an invaluable achievement brought to our people and our nation by Prime Minister Hun Sen.

In addition to building countless physical achievements, the government has also been striving to develop and implement a series of policies and measures to address all challenges, both economic and social in aim, to ensure a favourable business and macroeconomic environment.

It has also been working to ensure financial stability for attracting investment and promoting trade, especially to accelerate diversification and strengthen the competitiveness

of the Cambodian economy.

The government has always considered the private sector as an indispensable partner and a driving force in driving economic growth.

In this regard, in addition to the securities exchange mechanism that is the subject of this conference, a number of other initiatives have been launched to support the private sector.

These include the establishment of the Entrepreneurship Development Fund, the new Techo Startup Center to support start-ups, and the Small and Medium Enterprise Bank of Cambodia, as well as the launch of the “Small and Medium Enterprise Support Financing Project”.

The establishment of the digital CamDX facilitates business registration, while the establishment, in particular, of the Government-Private Sector Forum and related mechanisms, under this forum, improve the ease of doing business in Cambodia.

We have navigated the Covid-19 pandemic with a number of measures, particularly the government's effective Covid-19 vaccination campaign, and with the involvement of all stakeholders, both nationally and sub-nationally.

Under the right leadership, with the careful long-term vision of Prime Minister Hun Sen, Cambodia has been able to fully reopen its society and economy in all areas.

However, there remain risks and geopolitical tensions, particularly the war between Russia and Ukraine, which is bringing serious negative consequences and continues to put

pressure on the recovery path of the global economy.

The disruption of key interconnected processes of global production chains and rising energy prices, as well as the decline of some major economies, has led to an increase in the prices of goods.

In this context, the government continues to commit to accelerate the progress of implementation and deepen reform work aimed at building stronger economic resilience.

The government has set out the “Strategic Framework and Programmes for Economic Recovery in the Context of Living with the Covid-19 in a New Normal 2021-2023” to revive the Cambodian economy now and in the medium term.

It also aims to strengthen resilience for sustainable and long-term socioeconomic development, and inclusion.

The importance of the digital revolution – Digital Transformation – in the public and private sectors has also been highlighted to accelerate the recovery of the national economy.

Remarkable growth

With the remarkable growth of the CSX and significant developments over the past 10 years, as reported by HE Hong Sok Hour and HE Sou Socheat, I would like to make some recommendations in order to accelerate and strengthen the development of the securities market:

Continue to increase the dissemination of the benefits that the Royal Government of Cambodia has been providing to listed companies, especially tax incentives for the

securities sector and tax relief for listed companies through new mechanisms and the latest technology.

Observe and seize new opportunities in the financial technology system to accelerate market development through the digitisation of CSX's and SERC's mechanisms.

These aim to provide convenience and speed, while being manageable for investors and listed companies, as well as seize opportunities for the rapid development of financial technology systems to diversify financial products for the market and expand the services of CSX to unlisted companies, such as securities depository mechanisms.

Organise, with all the relevant stakeholders of the securities market, detailed activities in the context of the current global economic situation as well as the rapid development of financial technologies for the development of the securities market for the next 10 years through the preparation and launch of the 10-year strategic plan for securities sector development. I have already asked the SERC to lead this task.

The development of the securities sector requires time and participation from all players, both public and private.

Therefore, I sincerely hope that all actors will cooperate with CSX and SERC to further promote the development of this market in accordance with government's policies, strategic marketing development plans and the market, as well as the laws and regulations in force. ■

Robust securities market attracting more investors

THE securities sector has been established under the wise leadership of Samdech Akka Moha Sena Padei Techo Prime Minister Hun Sen.

To ensure the development of the securities market with transparency, efficiency, accountability and good order, the Securities and Exchange Commission of Cambodia (SECC) was established under the Law on the Issuance and Trading of Public Securities, which was approved on October 19, 2007, chaired by the then Permanent Deputy Prime Minister HE Keat Chhon.

According to the Law on the Issuance and Trading of Non-Government Securities, SECC was established in July 2008 and officially inaugurated on April 29, 2009.

SECC granted approval to the Cambodia Securities Exchange (CSX) to be a securities market operator, securities clearing and settlement operator, and securities holder.

On January 16, 2022, the Law on the Organization and Functioning of Non-Banking Financial Service Authority was adopted.

The SECC was then renamed the Securities and Exchange Regulator of Cambodia (SERC), and chaired by HE Dr Aun Pormmoniroth, deputy prime minister and Minister of Economy and Finance.

The Phnom Penh Water Sup-

ply Authority became the first listed company in the history of the Cambodian securities market after it was listed on April 18, 2012. From the beginning until now, we have achieved numerous achievements, such as:

Regulatory Framework: SERC has prepared two laws and seven sub-decrees, and adopted 76 prakas and guidelines, as well as many other official letter forms.

Licensing /approving/accrediting key players in the market: We have licensed/approved/accredited 123 companies, which are key players in the market.

These include securities companies, financial advisers, investment advisers, collective investment scheme businesses, bondholder representatives, custodian agents, securities registrar agents, transfer agents and paying agents, cash settlement agents, law firms, accounting firms and asset valuers.

Approved listed companies: To date, we have nine companies listing their stocks on the CSX, with seven on the main board – a market for large enterprises with capital of at least \$7.5 million – and two listed on the growth board – a market for small and medium enterprises with capital starting from \$500,000. Seven companies listed nine bonds.

The 16 listed companies have

raised capital amounting to \$281.8 million from the market.

Investor identification numbers and market data: SERC has provided 31,640 investor identification numbers, of which 34 per cent were to female investors.

And 86 per cent were Cambodian investors. The number of investors increased significantly in 2018 – 11,714 investor identification numbers were issued.

As of May 13, 2021, we have market capitalisation of seven per cent of GDP in 2020.

Raising awareness and building confidence in the market: SERC has organised 150 training programmes nationwide, with around 20,000 participants attending.

SERC has also established the Securities Regulator of Cambodia Telegram channel – on which to disseminate new knowledge and information related to the securities sector – and the SERC Alert Telegram channel – on which to spread knowledge and remind investors as well as the public to be cautious of fraud.

Market diversification: In the current market, we have stocks and bonds, and we are ready to allow green bonds in the market as well, supported by Asian Development Bank.

In the future we will have collec-

tive investment schemes and futures securities markets.

With the launching of CSX Trade today, I believe that market trading activities will increase as it is even more convenient to trade. Investors can download the app on iOS and Android.

I would like to congratulate the many achievements over the past decade under the leadership of HE Dr Hean Sahip, secretary of state at the Ministry of Economy and Finance, and chairman of the board of CSX, and HE Hong Sok Hour, the CEO of CSX.

On the occasion of the 10th anniversary of CSX, I am optimistic that CSX will have more companies to list, and for more active trading activities in the market to achieve the expected high-yield results, as well as to compete with the ASEAN markets.

The development of the securities market requires the participation of everyone – all together for the securities sector; the securities sector for all!

Thank you. ■

HE SOU SOCHEAT
The Director-General
of SERC



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ដ្ឋានប្រតិបត្តិការ

CSX



'Sharing common dream in building securities market'

FOR more than a decade since the establishment of the Cambodia Securities Exchange (CSX) in 2012, we have been actively engaged in strengthening the much-needed capital market in the Kingdom.

During this period, CSX has emerged an important institution in the domestic financial sector as we assist companies in raising funds to expand their operations that contribute to the national economy, while also promoting an investment culture among the public.

It is indeed a historic event today as we host the National Conference on the Cambodia Securities Exchange, themed: "A Decade of Market Emergence and Ways Forward" – as we mark the 10th anniversary of CSX.

Moving forward, we should create a common dream – and that common dream is to build a stock market with trading volume of \$50 million a day within the next six to seven years.

I am sure this figure is achievable if there is a concerted effort from all stakeholders to reach this ambitious goal set by CSX – and I am confident we can do it collectively as we are already on the right path. Our numbers are growing steadily.

Although our market is still small compared to neighbouring countries, the trading volume has increased



The listing of ACLEDA Bank in May 2020 added a strong impetus to CSX's trading environment.

significantly since 2019.

In 2017 and 2018, the daily trading volume was over 100 million riel (\$20,000) or less but rose to around 630 million riel (nearly \$160,000) in 2019.

But there was a slight dip to about 470 million riel (around \$110,000) in 2020 due to Covid-19 outbreak.

With the quick proactive measures taken by the government to curb the spread of the pandemic, we returned to positive growth

last year with trading volume increasing to more than one billion riel (\$270,000).

In the first quarter of this year, trading value touched four billion riel per day due to the large trading activity of ACLEDA Bank Plc shares.

In terms of market participation, between 200 and 500 trading accounts were opened every month, even during the Covid-19 lockdown.

These achievements would not have been made possible without

the strong support and guidance of the government, the Securities and Exchange Regulator of Cambodia and other related stakeholders.

Today, CSX has 16 listed companies – nine on the stock and seven on the bond – and they have raised about 1.122 billion riel (\$281 million) on the securities market.

This remarkable transformation would not have materialised if we did not have the support of our top leaders and all stakeholders.

I wish to thank Minister of Economy and Finance, and chairman of the Non-Bank Financial Services Authority, HE Aun Porn Moniroth.

I would also like to take this opportunity to express my deepest gratitude to Prime Minister Hun Sen for his efforts in promoting the securities market, and also former Minister of Economy and Finance HE Dr Keat Chhon for his astute leadership.

It has been an eventful journey for CSX thus far, and I am optimistic we will reach greater heights in the coming years. ■

CEO Hong Sok Hour's message marking the 10th anniversary of CSX.




CSX CEO Hong Sok Hour. SUPPLIED

Congratulations on the 10th Anniversary of Cambodian Stock Exchange (CSX)

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CSX

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Perfect home

The Cambodia Securities Exchange (CSX) moved into its current smart three-storey building in a Khmer heritage architectural style in 2015 – symbolising its long-term commitment to the Kingdom's growing capital markets. The then Permanent Deputy Prime Minister Keat Chhon inaugurated the new building on Phnom Penh's St 106 on February 26, 2015. The landmark event was witnessed by Minister of Economy and Finance Aun Pornmoniroth, as well as secretary of state at the Ministry of Economy and CSX chairman Hean Sahib. Securities and Exchange Regulator of Cambodia (SERC) director-general Sou Socheat, CSX CEO Hong Sok Hour, diplomats and industry players were also in attendance. "This building is one of the solid infrastructures alongside other solid and soft infrastructures in the securities sector established and developed with the 'Financial Sector Development Strategy' and guidance from the Royal Government of Cambodia," Keat Chhon said at the milestone event.



PHOTOS SUPPLIED



Sound as a bell

With CSX proving to be an ideal trading platform, initial public offerings or IPOs have become a popular mechanism for companies to raise capital to grow their business. CSX now proudly boasts nine listed companies through IPOs and seven through the issuing of bonds – reflecting growing market confidence. Its market capitalisation stands at \$2.4 billion to date. The listing of ACLEDA Bank Plc on May 25, 2020 – the first commercial bank to be listed – created plenty of excitement and garnered lots of media attention. With the economy set to get back on track after the Covid-19 pandemic, more IPOs are in the pipeline.

PHOTOS SUPPLIED

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ACLEDA BANK



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of your money and securities.

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CSX



Important milestones

2012

First stock listed on main board



2013

Number of order matching times increased from two to five per day



2015

Establishment of growth board, launch of continuous trading and trading before settlement



2016

Establishment of liquidity operations in the market



2017

Establishment of corporate bond market, launch of market order, negotiated trading method and daily price. Limit from five to 10 per cent in equity securities market



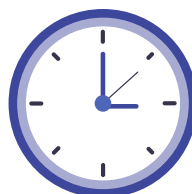
2018

First corporate bond issuer and establishment of Mobile Trading System



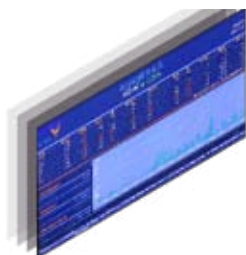
2019

Extension of daily trading hours from 3.5 to seven



2021

First listed stock on Growth Board



Establishment of e-disclosure system

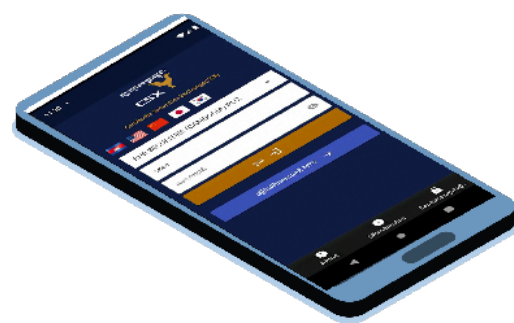


Establishment of dollar settlement for securities trading



2022

Launch of CSX Trade mobile application



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Congratulations



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(TO BE OFFICIALLY AMENDED)



Best of knowledge

Providing knowledge on the securities market and running investor awareness programmes remain core initiatives of the CSX to create informed investors and attract quality capital. Seminars, talk shows and public forums are some of the initiatives undertaken by CSX management across the Kingdom to impart relevant market-related information. Such programmes are intended to create awareness on the role of the stock market and take informed investment decisions to avoid financial losses. The monthly publication of the "Post Securities – Basic Market Guide" in *The Phnom Penh Post* is another CSX initiative for promoting the capital market.

PHOTOS SUPPLIED

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From the
management and staff of
RHB Securities (Cambodia) Plc. & RHB Bank (Cambodia) Plc.



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Greetings from the management and
officials of Phnom Penh Water Supply Authority

