



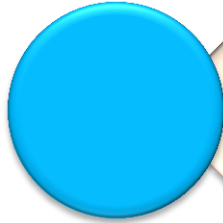
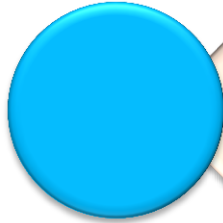
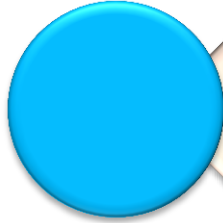
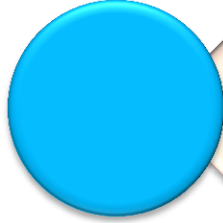
# ការវិនិយោគលើភាគហ៊ុន

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# STOCK INVESTMENT

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# Contents

-  1. Stock Market Overview
-  2. Become An Investor
-  3. Place Order
-  4. Trading Rule

Stock Market Overview

Place Order

Become An  
Investor

Trading Rule

# STOCK MARKET OVERVIEW

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# Securities (មូលបត្រ)



**Securities** refer to stocks or bonds or derivatives.

**Stock** is a type of security that signifies *ownership* in a corporation and represents a claim on part of the corporation's assets and earning.

**Bond** is a *debt* security in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of *time* with *interest*.

# Stock (ភាគហ៊ុន)

Two types of stocks:

## **Common stock:**

- variable dividend
- rights to vote on corporate policy

## **Preferred stock:**

- fixed dividend
- priority over claims

# Market Regulator

## Securities Exchange Commission of Cambodia, SECC

An entity that regulates and monitors securities exchange, securities firms, and listed companies; protects investors; and ensures that all trades are carried out in an orderly manner.



**គណៈកម្មការប្រុងប្រយ័ត្នស្តីពី**

**Securities and Exchange  
Commission of Cambodia**



# Stock Exchange (ផ្សារភាគហ៊ុន)

**Stock Exchange** is a *market* where securities are traded.



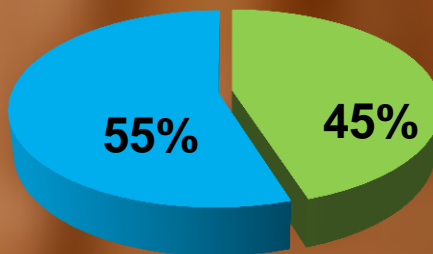
# Stock Exchange (ផ្សារភាគហ៊ុន)

## ផ្សារមូលបត្រកម្ពុជា



# CSX

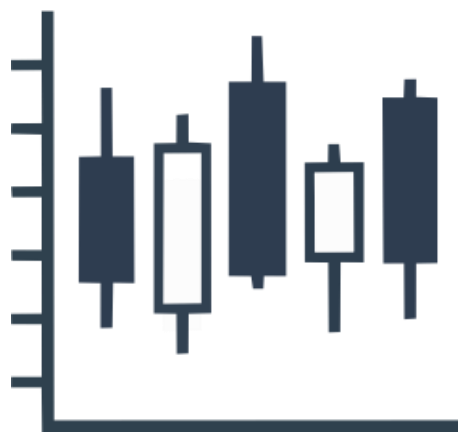
Officially launched : **July 2011**  
First Trading : **April 18<sup>th</sup> 2012**  
Joint venture: **Gov & KRX**





# CSX Functions

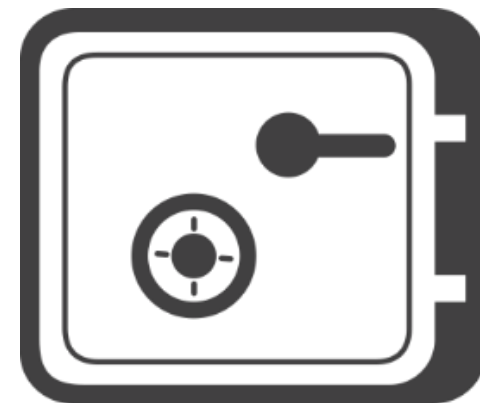
Three operators:



Market Operator



Clearing & Settlement  
Operator



Securities Depository  
Operator

# Market Members & Participants

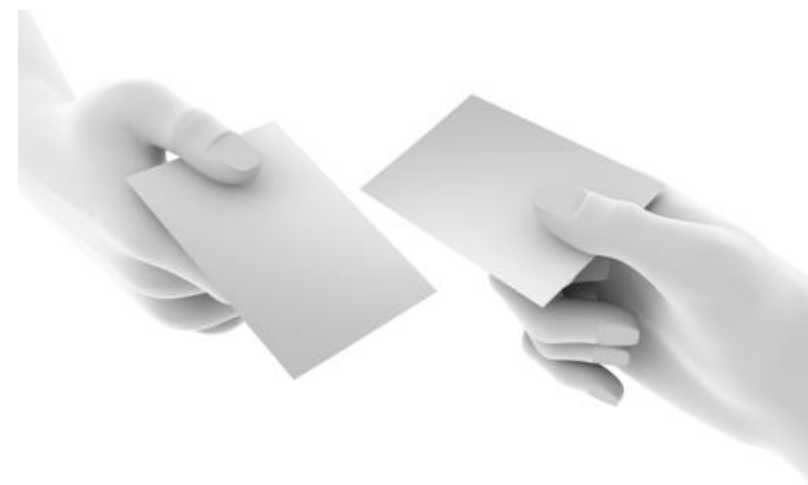
- **Brokers:** trade securities for others (investors). **(3)**
- **Dealers:** trade securities for their own account. **(1)**
- **Underwriters:** administers the public issuance and distribution of securities from a corporation. **(7)**
- **Cash Settlement Agents (CSAs):** are commercial banks accredited by the SECC. **(3)**

# Primary & Secondary Market

**Primary Market:** a market which deals with issuing new securities.



**Secondary Market:** investors purchase securities or assets from other investors, rather than from issuing companies themselves



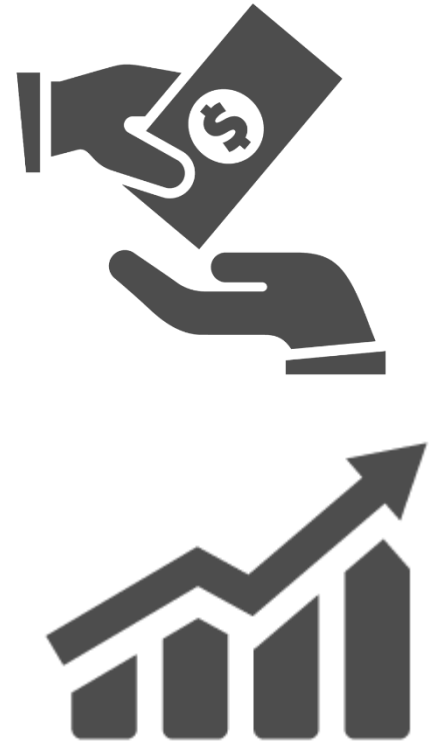
# Why Invest in Stock?

- **Become a shareholder:** A partial owner of a company, right to vote on matters of corporate policy and board elections
- **Source of Revenue:** Dividend as income
- **Diversification:** a good way to diversify your investment portfolio
- **Tax incentive:** no withholding tax on dividend (for Cambodian), no stamp duty tax levied on trading



## Why Invest in Stock? *(Cont.)*

- **Affordable & Liquid:** Stocks are traded in small pieces, and could be sold for cash quickly.
- **Growth Potential:** Some companies become very successful. Their stock prices will increase. Investors can sell their stocks at a good profit.
- **Higher Return:** Stocks usually provide higher return compared to other investment options.







# Stock A Gambling?

## Gambling

- Luck
- High risk of loss
- Limited number of winners
- Unregulated

## Trading

- Knowledge
- Able to control the loss
- No limited number of winners
- Regulated



# BECOME AN INVESTOR

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# STEP 1: Request Investor ID

**Investor ID** can be requested from **SECC**.  
*(directly or through a securities firm)*

## REQUIREMENTS

**INDIVIDUAL:** Application Form<sup>1</sup> "A", Two 4x6 Photos, ID Card/Passport

**INSTITUTION:** Application Form<sup>1</sup> "B", Two 4x6 Photos<sup>2</sup>, ID Card/Passport<sup>2</sup>  
Company License, Company Registration Certificate  
Power of Attorney, Article of Incorporation, VAT Certificate

<sup>1</sup> : Forms could be downloaded from [secc.gov.kh](http://secc.gov.kh)    <sup>2</sup> : Documents of representative

**\*\*Note: An investor can request only one Investor ID.**

## STEP 2: Open a Trade Account

You need a **broker** to trade securities on stock exchanges.



- ✓ Find a broker
- ✓ Open a trading account
- ✓ Start investing!

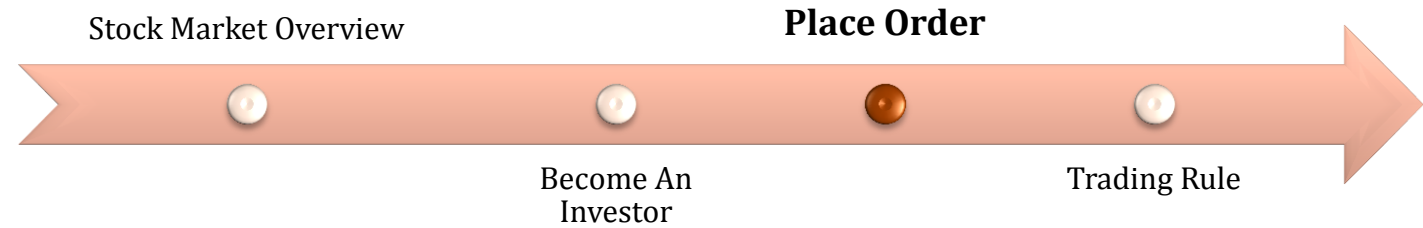
***\*\*Note: An investor can open only one account with each securities firm.***

## STEP 3: Open a Cash Account (*Optional*)

You are recommended to have a cash account at local bank.  
*(preferably at one of the Cash Settlement Agents)*

ACLEDA Bank	BIDC	CANADIA Bank
<ul style="list-style-type: none"> <li>- ACLEDA SECURITIES PLC.</li> <li>- YUANTA SECURITIES (CAMBODIA) PLC.</li> </ul>	<ul style="list-style-type: none"> <li>- CAMBODIA – VIETNAM SECURITIES PLC.</li> <li>- CAMPU SECURITIES PLC.</li> </ul>	<ul style="list-style-type: none"> <li>- CANA SECURITIES LTD.</li> <li>- CAB SECURITIES LIMITED</li> <li>- GOLDEN FORTUNE (CAMBODIA) SECURITIES PLC.</li> <li>- PHNOM PENH SECURITIES PLC.</li> <li>- RHB INDOCHINA SECURITIES PLC.</li> <li>- SBI ROYAL SECURITIES PLC.</li> </ul>





# PLACE ORDER

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# How to send order

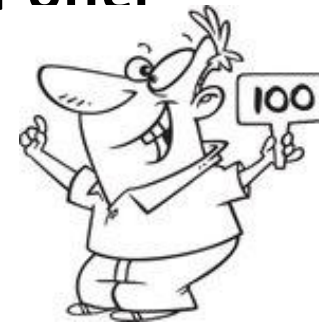
## Communication Means

1. Written document
2. Voice (Telephone)
3. Email



## Message Contents

1. Issue company name
2. Price
3. Quantity
4. Classification for bid or offer



# Trading Process



- 1 Buyers and sellers place orders through their brokers.
- 2 Brokers send the orders to stock exchange (**CSX**).
- 3 **CSX** collect all the orders and match them using auctions.
- 4 **CSX** returns trading results to the brokers.
- 5 Brokers inform buyers and sellers of their trading result.

Stock Market Overview

Place Order

Become An  
Investor

**Trading  
Rule**

# Trading Rule

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# Trading Rules

- Trading Hours: **8:00 A.M. to 11:30 A.M.**
- Trading Days: **Monday to Friday (Except public holiday)**





# Trading Rules

- **Daily price change limit:**  $\pm 5\%$  of previous day's closing price
- **Trading currency:** Khmer Riel (KHR)
- **Settlement date:** T+2
- **Trading before settlement:** allowed
- **No margin trading:** 100% good faith deposit
- **Limit Order:** execute at a particular price or better
- **No foreign holding limit**
- **Priority of Bid/Ask Orders:**

## Price

The lower Ask have priority over higher Ask; and The higher bids have priority over lower bids

## Time

In case of the same price orders, the orders received earlier have priority over the orders received later.

# Information for Securities Trading

1. Information Platform for Investors <http://i.csx.com.kh/>
2. CSX's website: [www.csx.com.kh](http://www.csx.com.kh)
3. Securities firm's websites
4. Listed companies' websites



**Thank You!**

➔ ដេញថ្លៃដោយយកថ្លៃតែមួយ ( ម៉ោង ៩:០០ ព្រឹក និង ១១:៣០ ព្រឹក )

បញ្ជាលក់	ថ្លៃ	បញ្ជាទិញ
	10,500	100
<del>① 300</del>	<b>10,400</b>	<del>③ 700</del>
<del>② 200</del>	10,300	
<del>④ 100</del>	10,200	
	10,100	
600	សរុប	700

$600 \times 10,400 \text{ R} = \underline{6,240,000 \text{ R}}$

➔ ដេញថ្លៃដោយយកថ្លៃច្រើន ( ៩: ០០ ព្រឹក ដល់ ១១: ០០ ព្រឹក)

បញ្ជាទិញ	ថ្លៃ	បញ្ជាទាញ
	10,500	
	10,400	<del>100</del>
<del>① 300</del>	<b>10,300</b>	<del>③ 700</del>
<del>② 200</del>	<b>10,200</b>	
<del>④ 100</del>	10,100	
600	សរុប	700

1.  $200 \times 10,200 \text{ R} = 2,040,000 \text{ R}$
  2.  $300 \times 10,300 \text{ R} = 3,090,000 \text{ R}$
  3.  $100 \times 10,300 \text{ R} = 1,030,000 \text{ R}$
- 6,160,000 R



# ការវិភាគក្រុមហ៊ុនចុះបញ្ជី

## ANALYSIS OF LISTED COMPANIES

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# Content:

- 1. Analysis of Financial Statement
- 2. Analysis of the **Industry**
- 3. Analysis of Products and Market
- 4. Analysis of **Culture and Management** of the Companies
- 5. **Factors to Consider** in Long-term Investment in a Company



# 1. Analysis of Financial Statement

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# 1. Analysis of Financial Statement

- Earning per Share

(one of the main factors to determine the price change)

⇒ EPS of the four listed companies: (KHR)

Companies	2014	2015	2016
PPWSA	526.00	654.79	566.53
GTI	389.08	108.02	529.07
PPAP	511.50	770.07	800.90
PPSP	517.28	374.69	109.84
PAS	548.77	595.49	415.37

# 1. Analysis of Financial Statement

- Dividend per Share

(one of the main factors to determine the price change)

⇒ Dividend per share of the five listed companies: (KHR)

Companies	2014	2015	2016
PPWSA	105.20	152.57	159.99
GTI	177	54	100
PPAP		0.00	286.60
PPSP			20.17
PAS			

# 1. Analysis of Financial Statement

- **P/E Ratio** (valuing a company that measures its current share price relative to its per-share earnings.)

$$\text{Price/Earning Value} = \frac{\text{Current Price}}{\text{Earning per Share}}$$

- PPWAS: Current price/566.53=3,840/566.53=6.77
- GTI: Current price/529.07=4,000/529.07=7.56
- PPAP: Current price/800.90=4,980/800.90=6.22
- PPSP: Current price/109.84=2,740/109.84=24.91
- PAS: Current price/415.37=5,060/415.37=12.19

# 1. Analysis of Financial Statement

- **P/B Ratio** (used to compare a stock's market value to its **book** value)

$$\text{Price/Book Value} = \frac{\text{Market Price}}{\text{Book Value (Assets - Liabilities) per Share}}$$

- ⇒ **P/BV of the five listed companies:**

	2014	2015	2016
PPWSA	1.11	1.12	0.83
GTI	1.06	0.63	0.63
PPAP		0.82	0.75
PPSP			1.13
PAS			

# 1. Analysis of Financial Statement

- Current Ratio

(Ability to satisfy current liability, using current asset)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- ⇒ Current Ratio of the five listed companies:

Companies	2014	2015	2016
PPWSA	5.41	5.06	3.31
GTI	8.50	5.28	5.48
PPAP	1.64	4.59	3.47
PPSP	2.18	2.98	5.10
PAS	2.70	2.71	2.07

# 1. Analysis of Financial Statement

- **A/E Ratio** (Financial Leverage) (Equity Multiplier)

A high A/E Ratio indicates that a larger portion of asset financing is being done through debt.

$$\text{Asset/Equity Ratio} = \frac{\text{Asset}}{\text{Equity}}$$

- **⇒ A/E of the five listed companies:**

Companies	2014	2015	2016
PPWSA	1.58	1.58	1.58
GTI	1.11	1.19	1.12
PPAP	1.27	1.26	1.27
PPSP	2.11	1.77	1.55
PAS	1.96	2.01	2.07

# 1. Analysis of Financial Statement

- **Return on Asset** (how profitable a company is relative to its total assets)

$$ROA = \frac{\text{Net Income}}{\text{Average Total Asset}}$$

- **Return on Equity** (the amount of net income returned as a percentage of shareholders equity)

$$ROE = \frac{\text{Net Income}}{\text{Average Shareholder's Equity}}$$

- **Gross Profit Margin** (revealing the proportion of money left over from revenues after accounting for the cost of goods sold (COGS))

$$\text{Gross Profit Margin} = \frac{\text{Total Profit}}{\text{Total Revenue}}$$

- **Net Profit Margin** ( shows how much of each dollar earned by the company is translated into profits.)

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Total Revenue}}$$

# 1. Analysis of Financial Statement

⇒ ROA, ROE, and profit margin of the five listed companies in 2016:

	PPWSA	GTI	PPAP	PPSP	PAS
ROA	3.87%	6.63%	2.53%	2.76%	2.53%
ROE	6.14%	7.98%	3.2%	4.55%	5.11%
Gross Profit Margin	N/A	12.53%	65.52%	69.57%	N/A
Net Profit Margin	24.86%	6.38%	25.08%	15.28%	12.79



## 2. Analysis of the Industry

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- *Analysis of industries in economy growth*
- *Analysis of position/status of companies in the industry*
- *PPWSA (PWSA)*
- *Grand Twins (GTI)*
- *PPAP (PPAP)*
- *PPSEZ (PPSP)*
- *PAS (PAS)*

## 2. Analysis of the Industry

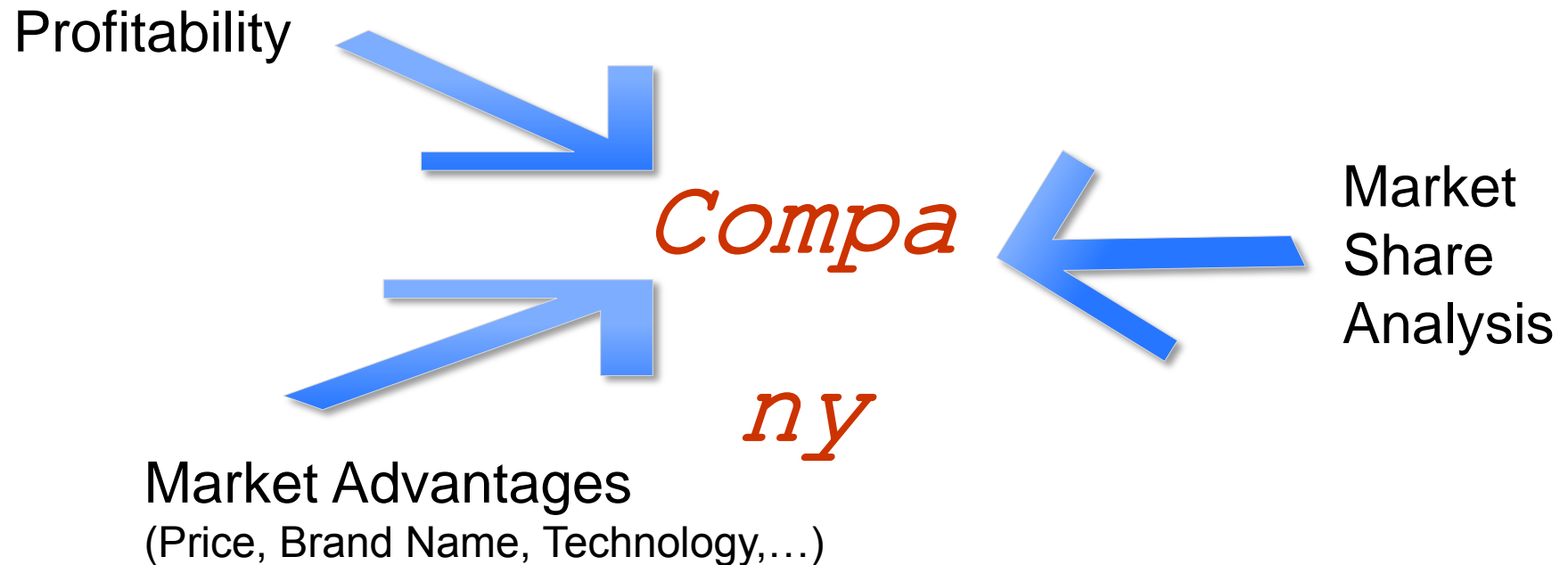
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- **Analysis of the industries in economy growth**
  - Primary Sector (raw materials; agriculture)
  - Secondary Sector (manufacturing)
  - Tertiary Sector (service)
  - What is the leading industries in Cambodia?
- **Analysis of industrial structure movement:** *to see what kinds of sector we should invest in. (Analyze future trend of the industry)*
- **Analysis of industry development:** *to see if the industry is/ will be growing better than others in the same sector. (What factors will effect the industry development? How big?) (Any Risks)*

## 2. Analysis of the Industry

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- Analysis of position/status of company in the industry



## 2. Analysis of the Industry

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- *Sector:*
- *Future trend:*
- *Profitability:*
- *Market share:*
- *Market Advantages:*
- *Labor condition:*
- *Attitude of government toward industry:*
- *Growth effected Factors:*

## 3. Analysis of Products and Market

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- *1. Analysis of products and services*
- *2. Price Analysis*
- *3. Marketing Strategy/Brand Name/Quality*
- *4. Production Strategy/Technology*
- *5. Market Share Analysis/Competition*
- *6. Analysis of raw material supply*

## 3. Analysis of Products and Market

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- **Analysis of products and services**

“Don’t invest in a company if you don’t know its business.”

What is the main products/services of the company?

- **Price Analysis**

- Price determines the profit and competitive ability.

- **Marketing Strategy/Brand Name/Quality**

- These factors determine the stability growth of the company.

## 3. Analysis of Products and Market

---

- **Market Share Analysis/Competition**
  - *What is the market share of the company/product?*
  - *What is the core competition of the company?*
  - *How strong are their competitors?*
  - *Is it easy for new company to enter the market?*
- **Analysis of raw material supply**
- **Production Strategy/Technology**
  - Analysis of cost effectiveness and product satisfaction

## CULTURE

### 01 Operation effectiveness

continuously improving functional performance.

### 02 Corporate Governance, Management Model

refers to the mechanisms, relations, and processes by which a **corporation** is controlled; involves balancing the many interests of the stakeholders of a **corporation**.

### 03 Strategic plan and future outlook

“**Current stock price** and the **future outlook** of the company are the two factors I consider in stock investment.”

## 4. Analysis of Management of the Companies



## 5. Factors to Consider in Middle/Long-term Investment in a Company

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- *Analysis of local and international macro economy, politics, and financial situation*
- *Fieldwork study*
- *Regional/Industrial Economics*
- *Support from the government*
- *Any kinds of information*
- *Risk management of the company*

## 5. Factors to Consider in Middle/Long-term Investment in a Company

---

- Analysis of Macro economy, politics, financial situation
  - With the current stable macro economy, politics, and local & global financial situation, which industry grows the best?
  - What if instability?

## 5. Factors to Consider in Middle/Long-term Investment in a Company

---

- **Fieldwork study**

- What is fieldwork study?
- Why do we need to conduct fieldwork study? Why do we need those kinds of information?
- What if we have friends working at **the companies**, **SECC**, **CSX** or,,,?
- (Insider trading is a crime.)

## 5. Factors to Consider in Middle/Long-term Investment in a Company

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- Regional/Industrial Economics
  - Analysis of development around that area
  - Analysis of industrial chain
- Support from the government
- Risk management of the company
- Any kinds of information
- Disclosure information
- Research Analysis

Please remember that it is the business development that determines the long term investment profit.

ស្ថាប័នសុទ្ធតារកម្ពុជា



# THANK YOU!

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**Cambodia Securities Exchange Co., Ltd (CSX)**

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