



PHNOM PENH
SPECIAL ECONOMIC ZONE

COMMITTED TO THE FUTURE

Business Development Strategy of Phnom Penh SEZ to Contribute on Regional Production Networks and Supply Chain

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Cambodia was one of the most fragile countries in the world in 1970's and 80's by Khmer Rouge.



After UNTAC period, Cambodia adopted open economy policy.

- . No discrimination to FDI except land ownership
- . 100% owned FDI is allowed in almost all sectors
- . Dollarized economy
- . No restriction to remit abroad

Cambodia had to heavily rely on FDI to reconstruct country because most of intellectuals were killed.

Political stability was attained in 2000s.

SEZ policy introduced in 2005 is one of the tools to boost economic development.

Phnom Penh SEZ is a private company owned by 78% Cambodian individual, 22% Japanese company, established in 2006.

Our mission is to attract new industries to Cambodia for the country's industrialization.

Stage 1 (2006 - 2008)

Prepare good infrastructure

- . Electricity
- . Water
- . Telecommunication
- . Logistics
- . Security



WASTE
OIL TANK
NO SMOKING

DIESEL TANK
20 TON

WASTE OIL TANK
20 TON

TANK 2

WASTE OIL TANK
20 TON

BUFFER TANK
40 TON





Kalmar

NYK
NYK
9753 57 8
NYK
NYK
NYK

Fantuzzi
Fantuzzi
Fantuzzi
CONTACKER

Stage 2 (2007 - 2010)

Improve company's operation to international standard

- . Proper tax declaration
- . Audited Financial Statement
- . Obtain ISO 9000 and 1400
- . Train Cambodian staff abroad by Japanese government funded program
- . Enhance customer first mind

Stage 3 (2008 - 2013)

Attract FDI (legitimate manufacturer)

- . *Tiger Wing*, Japanese shoe maker as **China+1 production network**, 27 FDI followed
- . *Ajinomoto*, Japanese food giant as **supply chain**, 6 FDI followed
- . *Minebea*, Japanese precision parts maker as **Thai+1 production network**, 5 FDI followed

Major FDIs in Phnom Penh SEZ

China+1 production network, many are SMEs

Combi

Supply chain



Thai+1 production network



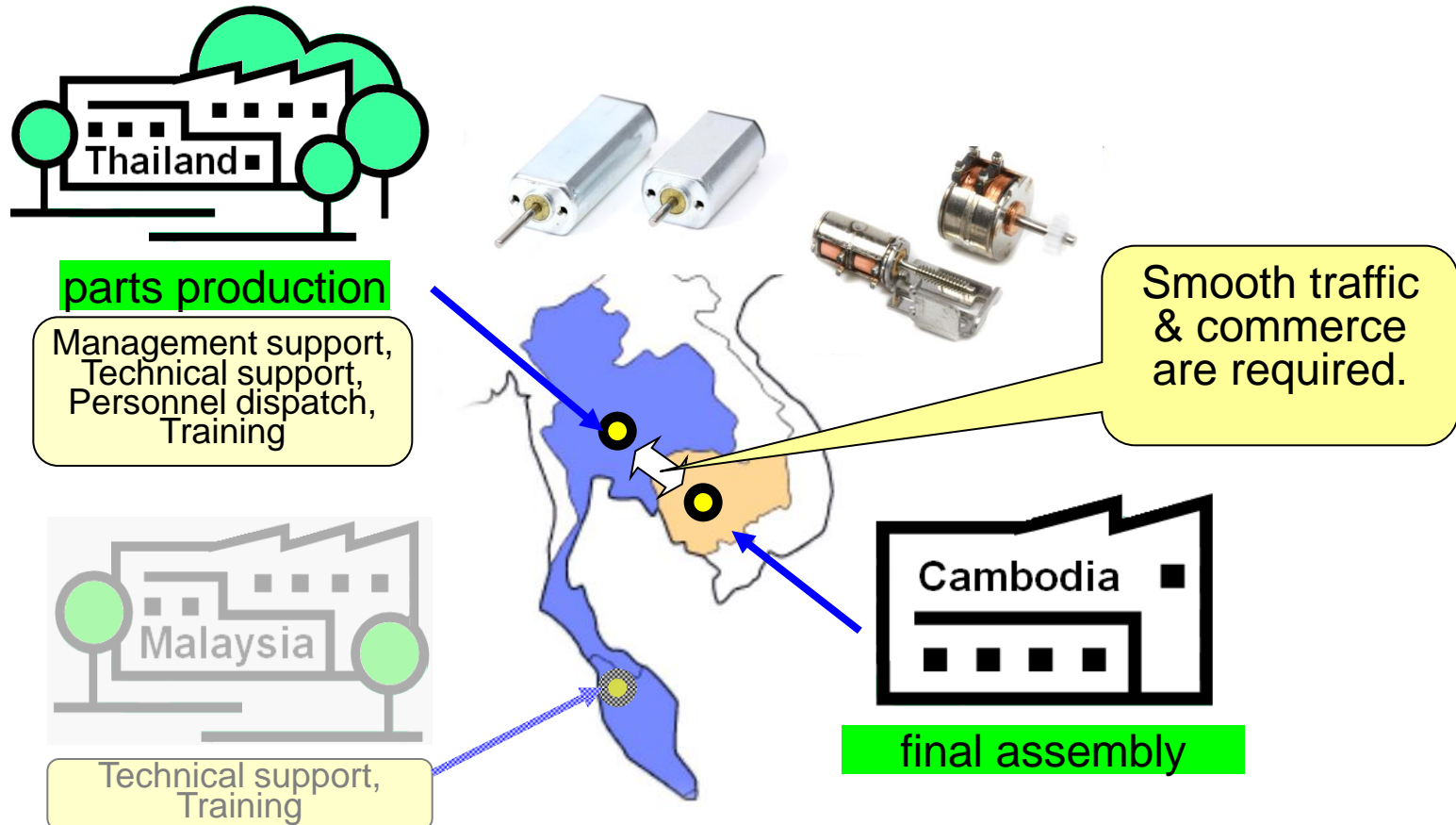
DENSO

Business model of our Cambodian plant

We plan to build a new business model, in which our Cambodian and Thai operations are integrated together.

Motor parts are manufactured in Thailand and exported to Cambodia. The finished products are assembled in Cambodia and re-exported back to Thailand.

We are confident that other foreign investors should follow this business model if we demonstrate that our operation is viable.



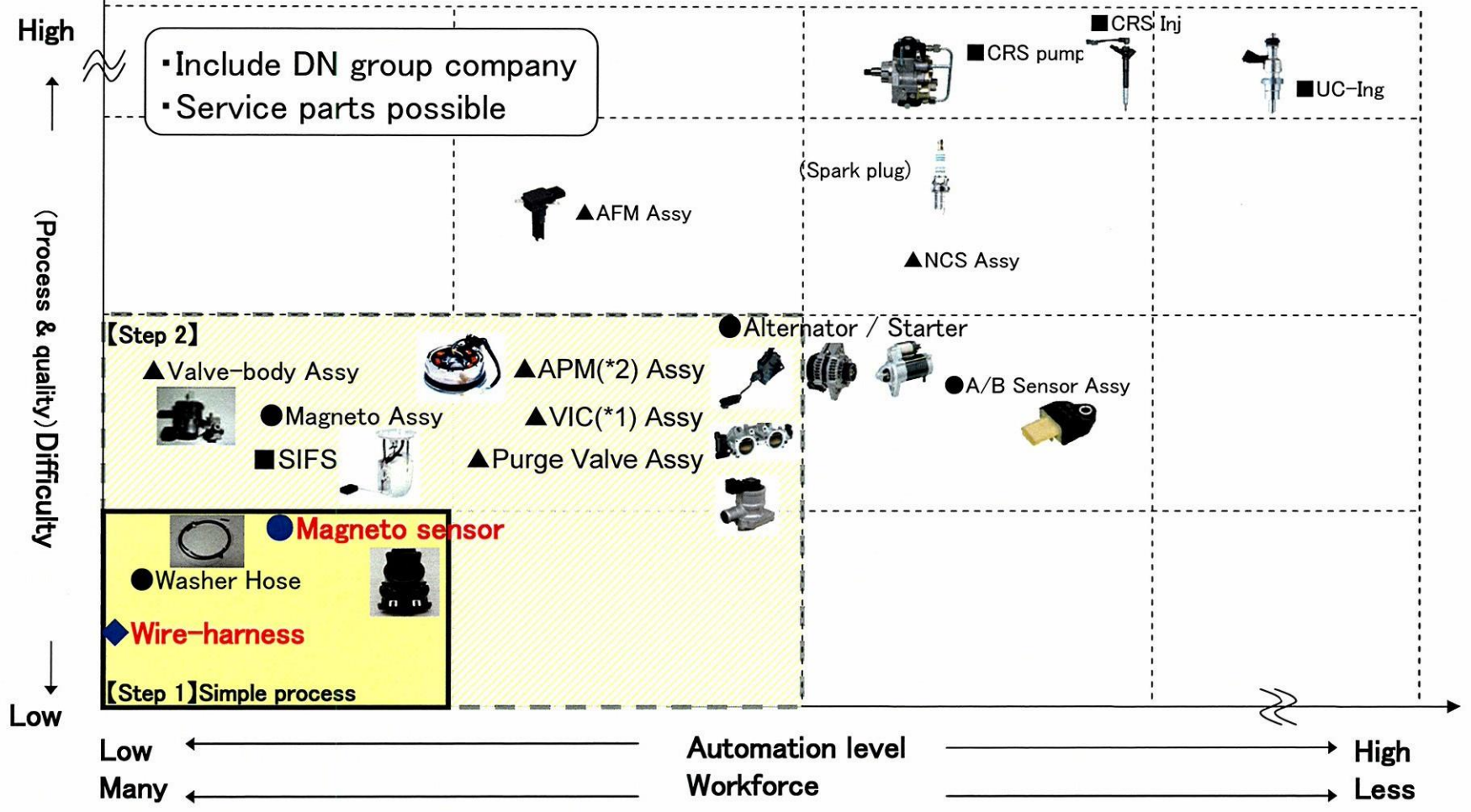


Product candidate for DNKH

< Grouping >

●DNTH、■SDM·SKD、▲DMVN·HDVN (◆GSET)

*1 Variable Induction Control Actuator, *2 Accelerator Pedal Module



Production starts from 2 items together GSE-KH (DENSO Group Company)



Stage 4 (2014 -)

Attract FDI from western countries

Laurelton Diamonds, subsidiary of Tiffany & Co., started the operation of Diamonds' polish.



LAURELTON DIAMONDS

Stratco, a Australian steel fabricator, started operation.



American Licorice Company who has one century history in USA will set up candy factory.



AMERICAN LICORICE™ COMPANY

Discover the Brilliance
in Phnom Penh.

April 30, 2014 | 6 pm



LAURELTON DIAMONDS
CAMBODIA



As of 31 October, 2014

Number of Cambodian staff and workers

16,200 (Female 12,900, Male 3,300)

Number of expats 295

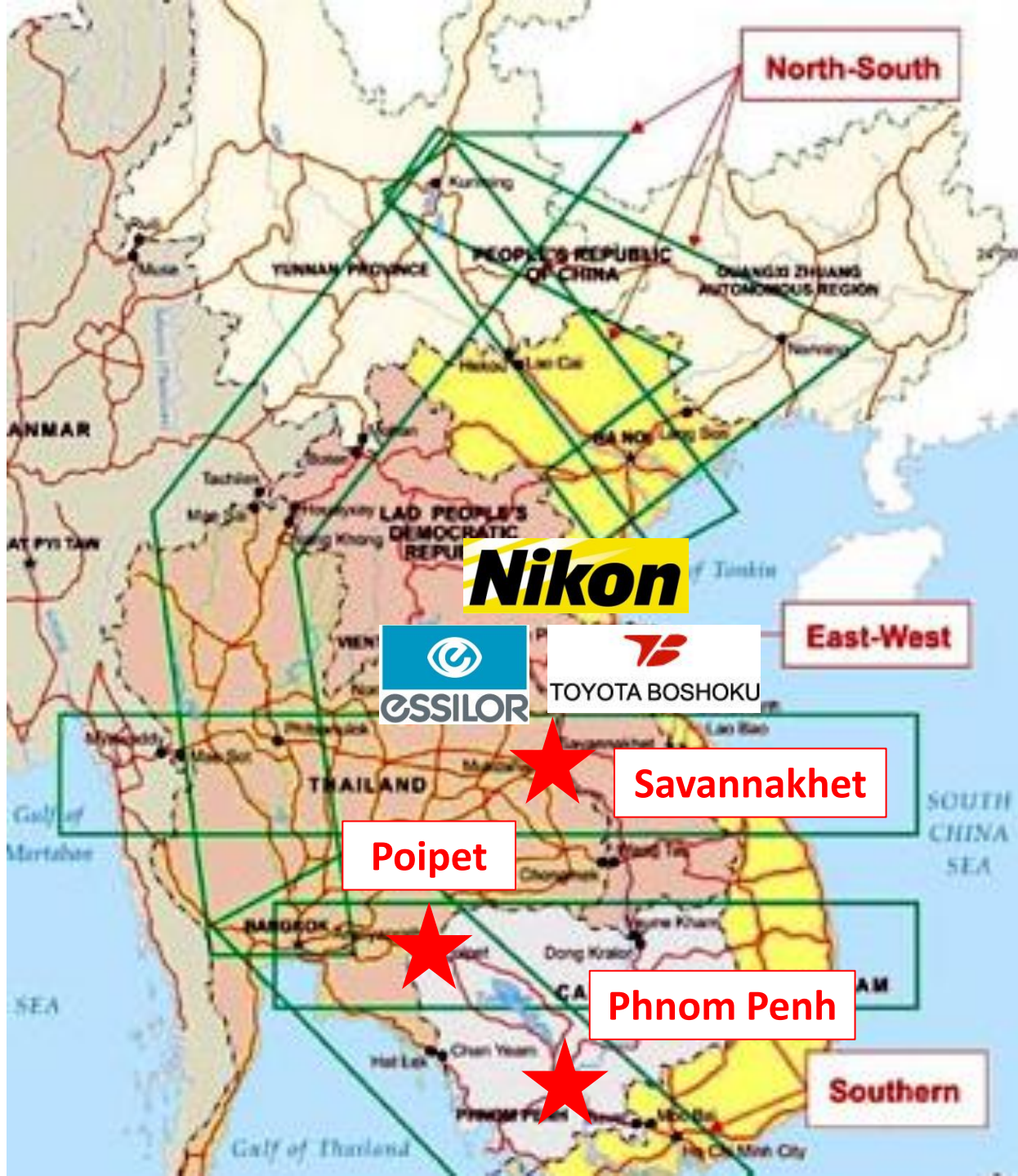
(Female 97, Male 198)

Japanese 97, Chinese 83, Vietnamese 52, Thai 19,
Malaysian 17, Turkish 11, Filipino 9, Singaporean 2,
American 2, Australian 1, Burmese 1, Sri Lankan 1,

Next Stage (2015 -)

Go to IPO in Cambodian stock exchange market to raise fund to start new SEZs at border area.

Sign MOU with Anti-Corruption Unit of Cambodian government for prevention of corruption to give more confidence to FDI.



North-South

Nikon


ESSILOR


TOYOTA BOSHOKU

East-West


Savannakhet

Poipet


Phnom Penh


Southern

Challenges

High electricity cost

High logistics cost

**Rapidly increasing minimum
wage**

\$128 from January 2015

100% increase in 2 years

Conclusion

SEZ development and operation need long-term vision and strong commitment of management.

Cambodia can attain industrialization by being integrated into production network and supply chain of the region.



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Thank you very much for your attention