

Differences between private limited liability companies and public limited liability companies under laws of Cambodia

The 2005 Law on Commercial Enterprises applies to a partnership and company carrying on business in the Kingdom of Cambodia. A partnership composes of a general partnership and a limited partnership. A company composes of a private limited company and public limited company. (Article 82) This article aims to summarize the differences between private limited company (the “ Private Company”) and public limited company (the “ Public Company”) although both companies have many features in common.

Name of companies: The Private Company must include the words “Private Limited Company” or an appropriate abbreviation at the end or under the company’s name while the Public Company must include the words “Public Limited Company” or an appropriate abbreviation at the end or under the company’s name. (Article 92) The abbreviations of the two companies are defined by Prakas 137 of the Ministry of Commerce dated March 23, 2016.

Business of the companies: The Private Company is not allowed to carry on the business of a bank, an insurance company or a finance company. (Article 85) Furthermore, such company may not offer its shares or other securities to the public generally. (Article 86) Since there are 2 types of companies and the Private Company is not allowed to carry on the business of a bank, an insurance company or a finance company, it may be concluded that only Public Company can perform such businesses.

Number of shareholders: There are no articles defining the number of shareholders of the Public Company in the Law on Commercial Enterprises. Meanwhile, this law, Article 86, stipulates that the Private Company may have between 2 and 30 members. However, one person may form a company called single member private limited company. In consideration to number of shareholders defined by this Article 86, even though the law does not define the number of members, the Public Company must have at least 2 or more shareholders.

Number of directors: pursuant to Article 118 of the same law, a Private Company must have one or more directors and a Public Company must have at least 3 directors.

Access to corporate records: Article 109 of the same law provides that a company must prepare and maintain, at its registered office, records containing (a) the articles and bylaws, and all amendments thereto; (b) minutes of meetings and resolutions of shareholders; (c) copies of all notices required to be sent or filed in accordance with this law; (d) a securities register. Shareholders and creditors of a company, their agents and legal representatives and the director of the company may examine the corporate records described above during the usual business hours of the company and may take extracts, free of charge. If the company is a public limited company, any other person may take extracts of the corporate records in payment of a reasonable fee. (Article 110)

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