

**LAW OF THE REPUBLIC OF INDONESIA
NUMBER 40 OF 2007
ON
LIMITED-LIABILITY COMPANIES**

BY THE GRACE OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering

- a. that the national economy which is organized based on economic democracy applying the principles of togetherness, equitable efficiency, sustainability, environmentally-sound, autonomy, as well as by way of maintaining balance between progress and national economic unity, needs to be supported by solid economic institutions for the purpose of realizing public welfare;
- b. that for the purpose of further enhancing national economic development and at the same time providing a solid basis for the business community to cope with world economic development, as well as scientific and technological progress during the coming era of globalization, the support of a law that regulates limited-liability companies and are able to ensure the implementation of a conducive business climate has been deemed necessary;
- c. that limited-liability companies as one of the pillars of national economic development should be provided with a legal basis to further enhance national development, which is formulated as a collective business based on the family principle;
- d. that Law Number 1 of 1995 on Limited-Liability Companies is considered as no longer compatible with legal developments and public needs, therefore it must be replaced by a new law;
- e. that based on the considerations as referred to in letter a, letter b, letter c, and letter d, it has been deemed necessary to enact Law on Limited-Liability Companies;

Observing:

Article 5 paragraph (1), Article 20, and Article 33 of the 1945 Constitution of the Republic of Indonesia;

By the Mutual Consent of
THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA
and
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact:

LAW ON LIMITED-LIABILITY COMPANIES

CHAPTER I

GENERAL PROVISION

Article 1

Under this Law, the following definitions are employed:

1. Limited-Liability Company (Perseroan Terbatas), from this point onward is referred to as Company, is a legal entity which take the form of a capital partnership, is established based upon an agreement, and conducting business activities using authorized capitals that are entirely divided into shares and has met the requirements set out under this Law and its implementing regulations.
2. Company Organs are the General Meeting of Shareholders, Board of Directors, and Board of Commissioners.
3. Corporate Social and Environmental Responsibility is the commitment of a Company to participate in sustainable economic development in order to enhance the quality of life and environment that are beneficial for the Company itself, local communities, or the public in general.
4. General Meeting of Shareholders (Rapat Umum Pemegang Saham), from this point onward is referred to as RUPS, is the Company Organ having the authorities not vested in the Board of Directors or the Board of Commissioners, within the limits set out under this Law and/or articles of association.
5. Board of Directors is the Company Organ that is authorized and fully responsible for the management of the Company for the interests of the Company, in accordance with the purposes and objectives of the Company, and represents the Company both in and out of the court in accordance with provisions of the articles of association.
6. Board of Commissioners is a Company Organ in charge of carrying out oversight in general and/or in particular pursuant to the articles of association, and providing advice to the Board of Directors.
7. Publicly-Traded Companies (Perseroan Terbuka) are Public Companies or Companies that carries out a public offering of shares in accordance with provisions of laws and regulations within the capital market sector.
8. Public Companies (Perseroan Publik) are Companies that already met the criteria of total number of shareholders and amount of paid-up capital in accordance with provisions of laws and regulations within the capital market sector.
9. Merger is a legal act performed by one Company or more to merge themselves with another existing Company which results in the assets and liabilities of the absorbed Company become transferred due to law to the surviving Company, and subsequently the legal entity status of the absorbed Company become terminated due to law.
10. Consolidation is a legal act performed by two or more Companies to consolidate themselves by way of establishing a new Company which, due to law, acquire the assets and liabilities of the consolidating Companies, and the legal entity status of the consolidating Companies become terminated due to law.
11. Acquisition is a legal act performed by a legal entity or an individual person to acquire shares in a Company which results with the transfer of control over the said Company.
12. Separation is a legal act performed by a Company to separate its businesses with the result that all the assets and liabilities of the Company become transferred due to law to two or more Companies, or a part of the assets and liabilities of the Company become transferred due to law to 1 (one) Company or more.
13. Registered Mail is a mail addressed to its recipient and can be proven with a receipt from the recipient which is signed while stating the date of receipt.
14. Newspaper is a daily newspaper in the Indonesian language that is circulated nationally.
15. Day is a calendar day.
16. Minister is the minister whose duties and responsibilities are in the field of law and human rights.

Article 2

A Company must have objectives and purposes as well as business activities that are not contrary to provisions of laws and regulations, public order, and/or morality.

Article 3

- (1) The shareholders of a Company are not personally liable over contracts made on behalf of the Company and are not liable over the losses of the Company exceeding the shares they own.
- (2) The provisions set out in paragraph (1) is not applicable if:
 - a. the requirements for the Company to become a legal entity are not or not yet fulfilled;
 - b. the shareholders concerned, either directly or indirectly, exploited the Company for personal gain in bad faith;
 - c. the shareholders concerned are involved in unlawful acts committed by the Company; or
 - d. the shareholders concerned, either directly or indirectly, used the assets of the Company in an unlawful manner and which results in the assets of the Company become insufficient to settle the liabilities of the Company.

Article 4

This Law, the Articles of Association of the Company, and provisions of other laws and regulations shall apply toward a Company.

Article 5

- (1) A Company has a name and place of domicile in the territory of the Republic of Indonesia as set out under the articles of association.
- (2) A Company has its full address in accordance with its place of domicile.
- (3) In correspondence, announcements issued by a Company, printed items and deeds to which the Company is a party, must state the name and full address of the Company.

Article 6

A Company is established for a limited or unlimited duration as specified under the articles of association.

CHAPTER II

ESTABLISHMENT, ARTICLES OF ASSOCIATION AND AMENDMENTS TO ARTICLES OF ASSOCIATION, COMPANY REGISTRY AND ANNOUNCEMENT

Division One

Establishment

Article 7

- (1) A Company is established by 2 (two) or more people with a notarial deed made in the Indonesian language.

- (2) Each founder of the Company must subscribe to a portion of the shares at the time the Company is established.
- (3) The provision as referred to in paragraph (2) do not apply for the purpose of a Consolidation.
- (4) A Company shall obtain its legal entity status on the date of issuance of a Decree of the Minister regarding the validation of the legal entity status of the Company.
- (5) After a Company obtained its legal entity status and its shareholders become less than 2 (two) people, then by no later than 6 (six) months from the occurrence of said situation, the shareholder concerned must transfer a portion of his/her shares to another party or the Company should issue new shares to other people.
- (6) In the event of the shareholders are still less than 2 (two) people after the timeframe as referred to in paragraph (5) has lapsed, then the shareholder concerned shall be personally liable for all of contracts and losses of the Company, and the district court may dissolve said Company upon a request by concerned parties.
- (7) The provisions that requires a Company to be established by 2 (two) or more people as referred to in paragraph (1), and the provisions of paragraph (5) and paragraph (6) does not apply for:
 - a. Companies of which the entire shares are owned by the state; or
 - b. Companies that manage stock exchanges, clearing and guarantee institutions, depository and settlement institutions, and other institutions as set out under the Law on Capital Market.

Article 8

- (1) A deed of establishment shall contain the articles of association and other information in relation to the establishment of a Company.
- (2) The other information as referred to in paragraph (1) should at least include:
 - a. the full name, place and date of birth, occupation, residence and citizenship of the individual founder(s), or the full name, place of domicile, and address, as well as the number and date of the Decree of the Minister on the validation of the legal entity status of the founder(s) of the Company;
 - b. the full name, place and date of birth, occupation, residence and citizenship of members of the Board of Directors and the Board of Commissioners who were appointed for the first time; and
 - c. the name of shareholders who have subscribed to a portion of shares, details of total shares, and the par value of issued and paid-up shares.
- (3) In preparing the deed of establishment, the founder(s) may be represented by other person(s) based on a power of attorney.

Article 9

- (1) To secure a Decree of the Minister regarding the validation of legal entity status of a Company as referred to in Article 7 paragraph (4), the founder(s) shall jointly and electronically submit an application to the Minister via the legal entity administration system information and technology services by filling in a form which at least contains:
 - a. the name and place of domicile of the Company;
 - b. the duration of establishment of the Company;
 - c. the purposes and objectives, as well as business activities of the Company;
 - d. the amount of authorized capital, issued capital, and paid-up capital;
 - e. the full address of the Company.

- (2) The filling in of the form as referred to in paragraph (1) must be preceded by the submission of the name of the Company.
- (3) In the event of the founder(s) do not submit the application as referred to in paragraph (1) and paragraph (2) themselves, then the founder(s) may only grant power of attorney to a notary.
- (4) Further provisions on procedures for the submission and use of the name of a Company shall be regulated under a Regulation of the Government.

Article 10

- (1) The application to secure a Decree of the Minister as referred to in Article 9 paragraph (1) must be submitted to the Minister by no later than 60 (sixty) days from the date of signing of the deed of establishment, and should be equipped with information on supporting documents.
- (2) The provision on supporting documents as referred to in paragraph (1) shall be regulated under a Regulation of the Minister.
- (3) If the form as referred to in Article 9 paragraph (1) and information on supporting documents as referred to in paragraph (1) already conform to provisions of laws and regulations, then the Minister shall immediately declare no objection to the application in question electronically.
- (4) If the form as referred to in Article 9 paragraph (1) and the information on supporting documents as referred to in paragraph (1) do not conform to provisions of laws and regulations, then the Minister shall immediately notify the rejection along with its reasons to the applicant electronically.
- (5) The applicant concerned must physically submit the letter of application which is equipped with information on supporting documents by no later than 30 (thirty) days from the date of declaration of no objection as referred to in paragraph (3).
- (6) If all the requirements as referred to in paragraph (5) has been fully satisfied, then by no later than 14 (fourteen) days, the Minister should issue a decree on the validation of legal entity status of a Company which is signed electronically.
- (7) If the requirements on the timeframe and completeness of supporting documents as referred to in paragraph (5) was not satisfied, then the Minister shall directly notify said matter to the applicant electronically, and the declaration of no objection as referred to in paragraph (3) shall be aborted.
- (8) In the event of a declaration of no objection was aborted, then the applicant as referred to in paragraph (5) may resubmit the application to secure the Decree of the Minister as referred to in Article 9 paragraph (1).
- (9) In the event of an application to secure Decree of the Minister was not submitted within the timeframe as referred to in paragraph (1), then the deed of establishment becomes invalid as of the expiry of the said timeframe and the Company that has not yet secure the legal entity status shall be dissolved due to law and its resolution shall be performed by the founder(s).
- (10) The provision on timeframe as referred to in paragraph (1) also applies toward the resubmission of an application.

Article 11

Further provisions as regards the submission of application to secure a Decree of the Minister as referred to in Article 7 paragraph (4) for certain regions where electronic networks are not yet available or not serviceable shall be regulated under a Regulation of the Minister.

Article 12

- (1) Legal acts relating to the ownership of shares and its deposits conducted by prospective founder(s) before the Company is established must be stated in the deed of establishment.

- (2) In the event of the legal acts as referred to in paragraph (1) are stated in a deed which is not an authentic deed, then the deed in question must be attached to the deed of establishment.
- (3) In the event of the legal act as referred to in paragraph (1) are stated in an authentic deed, then the number, date, name and place of domicile of the notary who drew up the authentic deed in question must be stated in the deed of establishment of the Company.
- (4) In the event of the provisions as referred to in paragraph (1), paragraph (2) and paragraph (3) are not satisfied, then the legal act in question does not create any right or obligations and does not bind the Company.

Article 13

- (1) Legal acts performed by the prospective founder(s) in the interests of a Company that are yet to be established shall bind the Company after the Company becomes a legal entity, if the first RUPS of the Company expressly stated that it accepts or takes over all rights and obligations arising from the legal acts performed by the prospective founder(s) or their proxy.
- (2) The first RUPS as referred to in paragraph (1) must be held within a maximum period of 60 (sixty) days after the Company secures its legal entity status.
- (3) The RUPS resolution as referred to in paragraph (2) are valid if the RUPS is attended by shareholders representing all shares with voting rights and the resolution is unanimously approved.
- (4) In the event of the RUPS is not held within the timeframe as referred to in paragraph (2) or the RUPS is unable to adopt the resolution as referred to in paragraph (3), then each of the prospective founder(s) who has performed the legal act in question shall be personally liable for all consequences that arise from it.
- (5) The approval of the RUPS as referred to in paragraph (2) is not required if the legal act in question is performed or approved in writing by all the prospective founder(s) before the establishment of the Company.

Article 14

- (1) Legal acts performed on behalf of a Company that are yet to secure legal entity status may only be jointly performed by all members of the Board of Directors with all the founders and all members of the Board of Commissioners of the Company, and all of them shall be jointly and severally liable over the legal act in question.
- (2) In the event of a legal act as referred to in paragraph (1) is performed by the founder(s) on behalf of a Company that are yet to secure the legal entity status, then the legal act in question shall become the liability of the founder(s) concerned and shall not bind the Company.
- (3) The legal act as referred to in paragraph (1) shall, due to law, become the liability of the Company after the Company becomes a legal entity.
- (4) The legal act as referred to in paragraph (2) only binds and becomes the liability of the Company after the legal act in question has been approved by all shareholders in a RUPS attended by all shareholders of the Company.
- (5) The RUPS as referred to in paragraph (4) is the first RUPS which must be convened by no later than 60 (sixty) days after the Company secures its legal entity status.

Division Two

Articles of Association and Amendments to Articles of Association

Subdivision 1

Articles of Association

Article 15

- (1) The articles of association as referred to in Article 8 paragraph (1) shall at least contain:
 - a. the name and place of domicile of the Company;
 - b. the purposes and objectives, as well as business activities of the Company;
 - c. the duration of establishment of the Company;
 - d. the amount of authorized capital, issued capital and paid-up capital;
 - e. the amount of shares, the classification of shares, if any, including the amount of shares for each classification, the rights attached to each shares, and the par value of each shares;
 - f. the name of position and number of members of the Board of Directors and the Board of Commissioners;
 - g. the stipulation of a place and procedures for holding a RUPS;
 - h. the procedures for the appointment, replacement and dismissal of members of the Board of Directors and the Board of Commissioners;
 - i. the procedures for the appropriation of profit and distribution of dividends.
- (2) In addition to the provisions as referred to in paragraph (1), the articles of association may also contain other provisions that are not contrary to this Law.
- (3) The articles of association may not contain:
 - a. provisions on the receipt of fixed interest rate on shares; or
 - b. provisions on the granting of personal benefits to the founder(s) or other parties.

Article 16

- (1) A Company may not use any name that:
 - a. has been lawfully used by another Company or is essentially the same with the name of another Company;
 - b. are contrary to public order and/or morality;
 - c. is identical or similar to the name of a state institutions, government institutions, or international institutions, except with permission from the party concerned;
 - d. does not conform to the purposes and objectives, as well as business activities, or only designates the purposes and objectives of the Company without having its own name;
 - e. are comprised of number or a series of numbers, letter or a series of letters that does not form any word; or
 - f. has a meaning as a Company, legal entity, or private partnership (persekutuan perdata).
- (2) The name of a Company must be preceded with the phrase "Perseroan Terbatas" or "PT".
- (3) In the case of Publicly-Traded Companies, in addition to the provision as referred to in paragraph (2), the abbreviation "Tbk" must be added at the end of the name of the Company.
- (4) Further provisions as regards procedures for the use of the name of a Company shall be regulated under a Regulation of the Government.

Article 17

- (1) A Company must have its place of domicile in the area of a city or regency within the territory of the Republic of Indonesia as specified under its articles of association.
- (2) The place of domicile as referred to in paragraph (1) must also be the head office of the Company.

Article 18

A Company must have purposes and objectives, as well as business activities that are included under the articles of association of the Company in accordance with the provisions of laws and regulations.

Subdivision 2

Amendment to the Articles of Association

Article 19

- (1) Any amendment to the articles of association must be determined by the RUPS.
- (2) The agenda as regards amendments to the articles of association must be expressly stated in the RUPS summons.

Article 20

- (1) The amendment to the articles of association of a Company that has been declared bankrupt cannot be conducted, except with an approval from the receiver.
- (2) The approval from the receiver as referred to in paragraph (1) must be enclosed in the application for approval or notification of the amendment to the articles of association to the Minister.

Article 21

- (1) Certain amendments to the articles of association must secure an approval from the Minister.
- (2) The certain amendments to the articles of association as referred to in paragraph (1) encompass:
 - a. the name and/or place of domicile of the Company;
 - b. the purposes and objectives, as well as business activities of the Company;
 - c. the duration of establishment of the Company;
 - d. the amount of authorized capital;
 - e. the reduction in issued and paid-up capital; and/or
 - f. the status of a private Company into a Publicly-Traded Company or vice versa.
- (3) Amendments to the articles of association other than as referred to in paragraph (2) just need only to be notified to the Minister.
- (4) Amendments to the articles of association as referred to in paragraph (2) and paragraph (3) must be incorporated or stated under a notarial deed in the Indonesian language.
- (5) Amendments to the articles of association that are not included in a deed of minutes of meeting made by a notary must be stated under a notarial deed by no later than 30 (thirty) days after the date of the RUPS resolution.
- (6) Amendments to the articles of association may not be stated under a notarial deed after the 30 (thirty) days timeframe as set out in paragraph (5) has lapsed.
- (7) Applications for the approval of amendment to the articles of association as referred to in paragraph

(2) must be submitted to the Minister by no later than 30 (thirty) days from the date of the notarial deed containing the amendment to the articles of association.

- (8) The provision as referred to in paragraph (7) shall apply mutatis mutandis for the notification of the amendment to the articles of association to the Minister.
- (9) After the 30 (thirty) days timeframe as referred to in paragraph (7) has lapsed, then the application for the approval or notification of the amendment to articles of association cannot be submitted or conveyed to the Minister.

Article 22

- (1) Applications for the approval of amendment to the articles of association in respect of the extension of the duration of establishment of the Company as set out under the articles of association must be submitted to the Minister by no later than 60 (sixty) days prior to the end of the duration of establishment of the Company.
- (2) The Minister shall give an approval toward the application for the extension of the duration as referred to in paragraph (1) by no later than the last date of establishment of the Company.

Article 23

- (1) Amendments to the articles of association as referred to in Article 21 paragraph (2) shall come into force from the date of issue of the Decree of the Minister regarding the approval of the amendment to the articles of association.
- (2) The amendment to the articles of association as referred to in Article 21 paragraph (3) shall come into force from the date of the issue of a receipt of notification of the amendment to the articles of association by the Minister.
- (3) The provisions as referred to in paragraph (1) and paragraph (2) does not apply in the event of this Law stipulated otherwise.

Article 24

- (1) A Company of which the capital and number of shareholders has fulfill the criteria as a Public Company in accordance with provisions of laws and regulations within the capital market sector must amend its articles of association as referred to in Article 21 paragraph (2) letter f by no later than 30 (thirty) days from the fulfillment of the criteria in question.
- (2) The Board of Directors of the Company as referred to in paragraph (1) must submit a statement of registration in accordance with the provisions of laws and regulations within the capital market sector.

Article 25

- (1) The amendment to the articles of association in respect of the status of a private Company into a Publicly-Traded Company comes into force as from the following date [sic!]:
- the effective date of the statement of registration which was submitted to the supervisory institution within the capital market sector, for Public Companies; or
 - he date a public offering is conducted, for Companies that submits a statement of registration to the supervisory institution within the capital market sector in order to perform a public offering of shares in accordance with provisions of laws and regulation within the capital market sector.
- (2) In the event of the statement of Company registration as referred to in paragraph (1) letter a is rendered ineffective or a Company that has submitted the statement of registration as referred to in paragraph (1) letter b above does not implement a public offering of shares, then the Company must re-amend its articles of association within a period of 6 (six) months from the date of approval from the

Minister.

Article 26

The amendment to the articles of association that are conducted for the purpose of Merger or Acquisition shall come into force from the following date [sic!]:

- a. the date of approval from the Minister;
- b. at a later date set out under the approval from the Minister; or
- c. the date of receipt of a notification of the amendment to the articles of association by the Minister, or at a later date set out under the deed of Merger or deed of Acquisition.

Article 27

The application for approval of an amendment to the articles of association as referred to in Article 21 paragraph (2) must be rejected if:

- a. it is contrary to provisions as regards the procedures for the amendment of articles of association;
- b. the contents of the amendment are contrary to provisions of laws and regulations, public order and/or morality; or
- c. there are objections from creditors over the RUPS resolution as regards the deduction in capital.

Article 28

Provisions as regards the procedures for the submission of an application to secure a Decree of the Minister as regards the validation of legal entity status of the and its objection as referred to in Article 9, Article 10 and Article 11 shall apply mutatis mutandis for the submission of an application for approval of the amendment to articles of association and its objection.

Division Three

Company Registry and Announcement

Subdivision 1

Company Registry

Article 29

- (1) The Company Registry is maintained by the Minister.
- (2) The Company Registry as referred to in paragraph (1) shall contain Company data that includes:
 - a. name and place of domicile, purposes and objectives and business activities, duration of establishment, and capital structure;
 - b. full address of the Company as referred to in Article 5;
 - c. number and date of the deed of establishment and the Decree of the Minister as regards the validation of legal entity status of the Company as referred to in Article 7 paragraph (4);
 - d. number and date of the deed of amendment to the articles of association and the approval from the Minister as referred to in Article 23 paragraph (1);
 - e. number and date of the deed of amendment to the articles of association and the date of receipt

- of the notification by the Minister as referred to in Article 23 paragraph (2);
- f. name and place of domicile of the notary who prepares the deed of establishment and the deed of amendment to the articles of association;
 - g. full name and address of shareholders, members of Board of Directors and members of Board of Commissioners of the Company;
 - h. number and date of the deed of dissolution or number and date of the court order on Company dissolution that has been notified to the Minister;
 - i. the expiry of legal entity status of the Company;
 - j. balance sheet and income statement of the relevant accounting year for Companies subject to mandatory audit;
- (3) The Company data as referred to in paragraph (2) shall be put into the Company registry on the same date with the date of:
- a. a Decree of the Minister regarding the validation of legal entity status of the Company or [sic!] approval of the amendment to the articles of association which requires an approval;
 - b. receipt of the notification of the amendment to the articles of association that do not require an approval; or
 - c. receipt of the notification of changes in Company data that does not constitute an amendment to articles of association.
- (4) The provisions as referred to in paragraph (2) letter g as regards the full name and address of shareholders of a Publicly-Traded Company shall be in accordance with provisions of laws and regulations within the capital market sector.
- (5) The Company Registry as referred to in paragraph (1) shall be open to the public.
- (6) Further provisions on the Company registry shall be regulated under a Regulation of the Minister.

Subdivision 2 Announcements

Article 30

- (1) The Minister shall announce the following [sic!] under a Supplement to the Official Gazette of the Republic of Indonesia:
- a. the deed of establishment and the Decree of the Minister as referred to in Article 7 paragraph (4);
 - b. the deed of amendment to articles of association of a Company along with the Decree of the Minister as referred to in Article 21 paragraph (1);
 - c. the deed of amendment to articles of association whose notification has been received by the Minister.
- (2) The announcement as referred to in paragraph (1) shall be conducted by the Minister by no later than 14 (fourteen) days from the date of issue of the Decree of the Minister as referred to in paragraph (1) letter a and letter b or as from the receipt of the notification as referred to in paragraph (1) letter c.
- (3) Further provisions regarding announcement procedures shall be performed in accordance with provisions of laws and regulation.

CHAPTER III

CAPITAL AND SHARES

Division One

Capital

Article 31

- (1) The authorized capital of a Company consists of the total par value of shares.
- (2) The provision as referred to in paragraph (1) do not rule out the possibility of laws and regulations within the capital market sector governed that the capital of a Company consists of no par value shares.

Article 32

- (1) The authorized capital of a Company shall be a minimum of IDR 50,000,000.00 (fifty million rupiahs).
- (2) The laws governing certain business activities may establish a minimum amount of Company capital that is greater than the provision on authorized capital as referred to in paragraph (1).
- (3) Changes to the amount of authorized capital as referred to in paragraph (1) shall be established under a Regulation of the Government.

Article 33

- (1) At least 25% (twenty five percent) of the authorized capital as referred to in Article 32 must be fully issued and paid-up.
- (2) The fully issued and paid-up capital as referred to in paragraph (1) shall be proven by a valid deposit receipt.
- (3) Any subsequent issue of shares that are performed each time to increase issued capital must be fully paid-up.

Article 34

- (1) The payment of share capital may be conducted in the form of money and/or other forms.
- (2) In the event of the payment of share capital is conducted in other forms as referred to in paragraph (1), then the appraisal of payments of share capital shall be determined based on fair value which is determined in accordance with market price or by an expert unaffiliated with the Company.
- (3) The payment of shares in the form of immovable goods must be announced in 1 (one) Newspaper or more, within 14 (fourteen) days after the deed of establishment has been signed or after the RUPS decided the payment of the shares in question.

Article 35

- (1) Shareholders and other creditors having claims toward a Company cannot exercise their right to claim as compensation for the obligation to pay for shares that they have subscribed to, unless approved by the RUPS.
- (2) The right to claim toward a Company as referred to in paragraph (1) that may be compensated with the payment of shares are the right to claim over any claim toward a Company that arise due to:
 - a. the Company has received money or transfer of tangible or intangible goods that can be valued

in money;

- b. the party acting as insurer or guarantor of the debt of the Company has paid off the debt of the Company in the amount that are insured or guaranteed; or
 - c. the Company acted as insurer or guarantor of a the debt of a third party and the Company has received benefits in the form of money or goods that can be valued in money and that have been directly or indirectly received by the Company.
- (3) The RUPS resolution as referred to in paragraph (1) shall be valid if it is adopted in accordance with provisions on meeting invitations, quorum, and number of votes to amend articles of association as regulated under this Law and/or articles of association.

Article 36

- (1) A Company is prohibited from issuing shares to be owned by itself or to be owned by another company whose shares are directly or indirectly owned by the Company.
- (2) Provisions on the prohibition of share ownership as referred to in paragraph (1) shall not be applicable toward the ownership of shares that are acquired from transfer due to law, grant, or bequest.
- (3) Shares that are acquired based on the provision as referred to in paragraph (2) must be transferred to another party which is not prohibited from owning shares in the Company, within a period of 1 (one) year after the date of acquisition.
- (4) In the event of the other Company as referred to in paragraph (1) is a securities company, then the provisions of laws and regulations within the capital market sector shall be applicable.

Division Two

Protection of Capital and Assets of a Company

Article 37

- (1) A company may buyback the shares it has issued, on condition that:
 - a. the share buyback does not cause the net assets of the Company to become less than total issued capital plus statutory reserves that has been set aside; and
 - b. the total par value of all of the shares bought back by the Company and the share pledges or fiduciary securities over shares held by the Company itself and/or another Company of which the shares are directly or indirectly owned by the Company shall not exceed 10% (ten percent) of the total issued capital in the Company, unless stipulated otherwise under laws and regulations within the capital market sector.
- (2) A share buyback, either directly or indirectly, which is contrary to paragraph (1) shall be null and void due to law.
- (3) The Board of Directors shall be jointly and severally liable for all losses suffered by a shareholder who acted in good faith arising from a buyback that are null and void due to law as referred to in paragraph (2).
- (4) The shares bought back by the Company as referred to in paragraph (1) may only be held by the Company for a maximum of 3 (three) years.

Article 38

- (1) The share buyback as referred to in Article 30 paragraph (1) or its further transfer may only be conducted with an approval from the RUPS, unless stipulated otherwise under laws and regulations

within the capital market sector.

- (2) The RUPS resolution containing the approval as referred to in paragraph (1) shall be valid if adopted in accordance with the provisions on meeting summons, quorum, and the number of votes approved for amendments to the articles of association as regulated under this Law and/or the articles of association.

Article 39

- (1) The RUPS may delegate the authority to approve the implementation of RUPS resolution as referred to in Article 38 to the Board of Commissioners for a maximum period of 1 (one) year.
- (2) The delegation of authority as referred to in paragraph (1) may on each occasion be extended for the same duration.
- (3) The delegation of authority as referred to in paragraph (1) may at any time be withdrawn by the RUPS.

Article 40

- (1) The shares held by the Company as a result of share buybacks, transfers due to law, grant, or bequest, cannot be used to cast votes in the RUPS and will not be counted in determining the total quorum that must be reached in accordance with provisions of this Law and/or the articles of association.
- (2) The shares referred to in paragraph (1) shall not be entitled to receive distributed dividends.

Division Three Increase in Capital

Article 41

- (1) An increase in capital of a Company shall be made by approval of the RUPS.
- (2) The RUPS may delegate the authority to approve the implementation of RUPS resolution as referred to in paragraph (1) to the Board of Commissioners, for a maximum period of 1 (one) year.
- (3) The delegation of authority as referred to in paragraph (2) may be withdrawn at any time by the RUPS.

Article 42

- (1) The RUPS resolution to increase the authorized capital shall be valid if adopted with due regard to quorum requirements and number of assenting votes for an amendment to the articles of association in accordance with provisions of this Law and/or the articles of association.
- (2) The RUPS resolution to increase issued and paid-up capital within the limit of the authorized capital shall be valid if adopted with an attendance quorum of more than $\frac{1}{2}$ (one-half) of the total number of shares with voting rights and approved by more than $\frac{1}{2}$ (one-half) of the total number of votes casted, unless a greater number is stipulated under the articles of association.
- (3) The increase in capital as referred to in paragraph (2) must be notified to the Minister to be recorded in the Company Registry.

Article 43

- (1) All shares issued to increase capital must first be offered to each shareholder in proportion to the share ownership for the same classification of shares.

- (2) If the shares to be issued to increase capital are shares whose classification has never been issued, then the ones entitled to buy it first shall be all of the shareholders in proportion to the number of shares they own.
- (3) The offer as referred to in paragraph (1) shall not apply if the issuance of shares:
 - a. is aimed at employees of the Company;
 - b. is aimed at holders of bonds or other securities that are convertible into shares, which have been issued with the approval of the RUPS;
 - c. is undertaken for the purpose of reorganization or restructuring which has been approved by the RUPS.
- (4) In the event of the shareholders as referred to in paragraph (1) do not exercise their rights to purchase and pay off the purchased shares within a period of 14 (fourteen) days from the date of the offer, then the Company may offer the remaining unsubscribed shares to third parties.

Division Four

Reduction in Capital

Article 44

- (1) A RUPS resolution to reduce the capital of the Company shall be valid if adopted with due regard to quorum requirements and number of assenting votes for an amendment to the articles of association in accordance with provisions of this Law and/or the articles of association.
- (2) The Board of Directors must notify the resolution as referred to in paragraph (1) to all creditors by way of announcing it in 1 (one) Newspaper or more within a maximum period of 7 (seven) days from the date of the RUPS resolution.

Article 45

- (1) Within a period of 60 (sixty) days from the date of announcement as referred to in Article 44 paragraph (2), creditors may submit an objection in writing, along with the reasons therefore to the Company, with a copy being sent to the Minister.
- (2) Within a period of 30 (thirty) days from the receipt of the objection as referred to in paragraph (1), the Company must provide an answer in writing toward the submitted objection.
- (3) In the event of the Company:
 - a. rejected the objection or does not provide a settlement agreed by creditors within a period of 30 (thirty) days from the date of receipt of the response of the Company \; or
 - b. does not provide any response within a period of 60 (sixty) days from the date the objection is submitted to the Company, then creditors may file a lawsuit to the district court of which the jurisdiction covers the place of domicile the Company.

Article 46

- (1) A reduction in capital is an amendment to the articles of association that must secure an approval from the Minister.
- (2) The approval from the Minister as referred to in paragraph (1) shall be granted if:
 - a. there are no written objection from creditors within the timeframe as referred to in Article 45 paragraph (1);

- b. a settlement has been reached over any objection submitted by creditors; or
- c. the lawsuit of creditors has been rejected by a court based on a decision that has become final and binding.

Article 47

- (1) A RUPS resolution on the reduction in the issued and paid-up capital shall be carried out by way of withdrawing shares or decreasing the par value of shares.
- (2) The withdrawal of shares as referred to in paragraph (1) shall be carried out toward shares that has been bought back by the Company or shares classified as revocable shares.
- (3) The reduction of par value of shares without buyback must be conducted in proportional manner toward all shares of each classification of shares.
- (4) The proportional manner as referred to in paragraph (3) may be exempted with the approval of all shareholders whose par value of their shares has been reduced.
- (5) In the event of there are more than 1 (one) classification of shares, then the RUPS resolution on the reduction in capital may only be adopted after firstly securing approval from all shareholders of each classification of shares whose rights are injured by the RUPS resolution on the reduction in capital in question.

Division Five

Shares

Article 48

- (1) The shares of a Company shares must be issued in the name of the owner.
- (2) The share ownership requirements may be set out under the articles of association with due observance of the requirements stipulated by the relevant authorities in accordance with the provisions of laws and regulations.
- (3) In the event of the share ownership requirements as referred to in paragraph (2) has been stipulated but are not fulfilled, then the parties who secured the share ownership in question cannot exercise their rights as shareholders and the shares in question shall not be counted in the quorum that must be reached in accordance with provisions of this Law and/or the articles of association.

Article 49

- (1) The value of shares must be stated in Rupiah currency.
- (2) Shares with no par value cannot be issued.
- (3) The provision as referred to in paragraph (2) do not rule out the possibility of laws and regulations within the capital market sector governed that the capital of a Company consists of no par value shares.

Article 50

- (1) The Board of Directors must make and retain a register of shareholders which should at least contain:
 - a. the name and address of shareholders;
 - b. the amounts, numbers, and dates of acquisition of the shares owned by shareholders and its classifications, in the event of more than one classification of shares is issued;

- c. the amount which is paid up for each share;
 - d. the name and address of individuals or legal entities having pledge rights over shares or being the beneficiaries of fiduciary security over the shares and the date of acquisition of the pledge rights or the date of registration of the fiduciary security in question; and
 - e. information on the payment of shares in other forms as referred to in Article 34 paragraph (2).
- (2) In addition to the register of shareholders as referred to in paragraph (1), the Board of Directors of a Company must draw up and retain a special register containing information as regards the shares of members of the Board of Directors and the Board of Commissioners and their family members in the Company and/or in other companies and the date of acquisition of the shares.
- (3) Every change in share ownership must also be recorded in the register of shareholders and the special register as referred to in paragraph (1) and paragraph (2).
- (4) The register of shareholders and the special register as referred to in paragraph (1) and paragraph (2) must be made available at the place of domicile of the Company so that they can be easily seen by shareholders.
- (5) In the event of the laws and regulations within the capital market sector does not stipulate otherwise, then the provisions as referred to in paragraph (1), paragraph (3) and paragraph (4) shall also apply to Publicly-Traded Companies.

Article 51

Shareholders shall be given a proof of share ownership for the shares they own.

Article 52

- (1) A share shall confer the rights upon its owner to:
- a. attend and cast a vote at the RUPS;
 - b. receive dividend payments and remaining assets after liquidation; and
 - c. exercise other rights based on this Law.
- (2) The provisions as referred to in paragraph (1) shall come into force after the share is recorded in the register of shareholders under the name of the owner.
- (3) The provisions as referred to in paragraph (1) letter a and letter c shall not apply to classifications of certain shares as set out under by this Law.
- (4) Each share shall confer an indivisible right upon its owner.
- (5) In the event of 1 (one) share is owned by more than 1 (one) person, then the rights arising from the share in question shall be exercised by way of appointing 1 (one) person as joint representative.

Article 53

- (1) The articles of association shall stipulate 1 (one) classification of shares or more.
- (2) Each share of the same classification shall confer the same right upon its holders.
- (3) In the event of there are more than 1 (one) classification of shares, then the articles of association shall establish 1 (one) of them as common shares.
- (4) The classification of shares as referred to in paragraph (3) includes, among others:
- a. shares with voting rights or without voting rights;
 - b. shares with special rights to nominate members of the Board of Directors and/or members of

the Board of Commissioners;

- c. shares that, after a certain period of time, are withdrawn or exchanged for another classification of shares;
- d. shares that confers upon the holders the right to receive dividends in advance from holders of other classification of shares, with respect to the distribution of dividends on a cumulative or non-cumulative basis;
- e. shares that confers upon the holders the right to receive the distribution of remaining assets of the Company after liquidation in advance from holders of other classification of shares.

Article 54

- (1) The articles of association may determine shares with a fraction of the par value.
- (2) Holders of a fraction of the par value of a share shall not be given an individual voting right, unless holders of a fraction of the par value of a share, either individually or jointly with other holders of a fraction of the par value of a share of the same classification, owns the par value of 1 (one) share of that classification.
- (3) The provisions as referred to in Article 52 paragraph (4) and paragraph (5) shall apply mutatis mutandis to holders of a fraction of the par value of a share.

Article 55

The method to assign rights over shares in accordance with provisions of laws and regulations shall be stipulated under the articles of association of a Company.

Article 56

- (1) The assignment of rights over shares shall be made with a deed of assignment.
- (2) The deed of assignment as referred to in paragraph (1) or a copy of it must be submitted in writing to the Company.
- (3) The Board of Directors must record the assignment of rights over shares, the date and day of assignment of the rights in question in the register of shareholders or in the special register as referred to in Article 50 paragraph (1) and paragraph (2) and must notify changes in the composition of shareholders to the Minister to be recorded in the Company Registry by no later than 30 (thirty) days from the date of recordation of the assignment of rights.
- (4) In the event of the notification as referred to in paragraph (3) is yet to be carried out, then the Minister must reject any application for an approval or notification carried out based upon the composition and name of shareholders that are yet to be notified in question.
- (5) Provisions as regards the procedures for assigning rights over shares traded in the capital markets shall be regulated under laws and regulations within the capital market sector.

Article 57

- (1) The requirements as regards the assignment of rights over shares may be regulated under the articles of association, specifically:
 - a. the obligation to first offer them to holders of certain classification of shares or other shareholders;
 - b. the obligation to first secure approval from Company Organs; and/or
 - c. the obligation to first secure approval from the authorized institutions in accordance with

provisions of laws and regulations.

- (2) The requirements as referred to in paragraph (1) does not apply in the event of assignment of right over shares caused by transfer of rights due to law, except for an obligation as referred to in paragraph (1) letter c in relation with inheritance.

Article 58

- (1) In the event of the articles of association requires selling shareholders to first offer their shares to holders of a certain classification of shares or other shareholders, and if the shareholder in question make no purchase within a period of 30 (thirty) days from the date of an offer was made, then selling shareholders may offer and sell their shares to third parties.
- (2) Every selling shareholder that is required to offer its shares as referred to in paragraph (1) is entitled to withdraw the offer in question after the lapse of the 30 (thirty) day as referred to in paragraph (1).
- (3) The obligation to offer shares to holders of a certain classification of shares or other shareholders as referred to in paragraph (1) is only applicable 1 (one) time.

Article 59

- (1) The granting of approval or rejection of assignment of rights over shares that requires approval from the Company Organ must be conducted in writing within a maximum period of 90 (ninety) days from the date of receipt of application for the approval of assignment of rights in question by Company Organs.
- (2) In the event of the timeframe as referred to in paragraph (1) has lapsed and the Company Organ does not issue a written statement, then the Company Organ shall be deemed to have approved the assignment of shares.
- (3) In the event of the assignment of shares is approved by the Company Organ, then the assignment of shares must be carried out in accordance with the provisions as referred to Article 56 and shall be conducted within a maximum period of 90 (ninety) days from the date of the approval being granted.

Article 60

- (1) Shares shall be movable goods and shall confer the rights as referred to in Article 52 to their owners.
- (2) Shares may be encumbered with a pledge or fiduciary security unless stipulated otherwise in the articles of association.
- (3) Share pledges or fiduciary securities over shares that has been registered in accordance with provisions of laws and regulations must be recorded in the register of shareholders and the special register as referred to in Article 50.
- (4) The voting right of shares encumbered with a pledge or a fiduciary security shall remain with the shareholders.

Article 61

- (1) Every shareholder shall be entitled to file a lawsuit against the Company in the District Court, if the shareholder suffers losses caused by the actions of the Company which are considered unfair and unreasonable as a consequence of a RUPS resolution, or a resolution of the Board of Directors and/or the Board of Commissioners.
- (2) The lawsuit as referred to in paragraph (2) must be filed in the District Court whose jurisdiction covers the place of domicile of the Company.

Article 62

- (1) Every shareholder is entitled to request the Company to purchase his/her shares at a reasonable price, if the person concerned did not approve the acts of the Company which has incurred losses to shareholders or the Company in the form of:
 - a. amendments to the articles of association;
 - b. transfer or encumbrance of assets of the Company that have a value of more than 50% (fifty percent) of the net assets of the Company; or
 - c. Merger, Consolidation, Acquisition, or Separation of the Company.
- (2) In the event of the shares requested to be purchased as referred to in paragraph (1) exceeded the limit of provisions on share buyback by the Company as referred to in Article 37 paragraph (1) letter b, then the Company must arrange to have the remaining shares bought by a third party.

CHAPTER IV

WORK PLAN, ANNUAL REPORT AND APPROPRIATION OF PROFITS

Division One

Work Plan

Article 63

- (1) The Board of Directors shall prepare an annual work plan prior to the commencement of the upcoming fiscal year.
- (2) The annual work plan as referred to in paragraph (1) shall also include the annual budget of the Company for the upcoming fiscal year.

Article 64

- (1) The annual work plan as referred to in Article 63 shall be submitted to the Board of Commissioners or the RUPS as stipulated under the articles of association.
- (2) The articles of association may stipulate that the work plan submitted by the Board Directors as referred to in paragraph (1) must secure an approval from the Board of Commissioners or the RUPS, unless stipulated otherwise under laws and regulations.
- (3) In the event of the articles of association stipulated that the work plan must secure an approval from the RUPS, then the work plan in question must first be reviewed by the Board of Commissioners.

Article 65

- (1) In the event of the Board of Directors does not submit the work plan as referred to in Article 64, then the work plan for the preceding year will be used.
- (2) The work plan for the preceding year also applies for Companies whose work plan has yet to secure an approval as stipulated under the articles of association or laws and regulations.

Division Two

Annual Report

Article 66

- (1) The Board of Directors shall submit an annual report to the RUPS, after it has been reviewed by the Board of Commissioners, within a maximum period of 6 (six) months after the end of fiscal year of the Company.
- (2) The annual report referred to in paragraph (1) shall at least contain:
 - a. a financial statement that consists of at least the balance sheet for the preceding fiscal year in comparison to the earlier fiscal year, the income statement of the relevant fiscal year, the cash flow statement, and the statement of changes in equity, and notes over the said financial statement;
 - b. a report on the activities of the Company;
 - c. a report on the implementation of Corporate Social and Environmental Responsibility;
 - d. details of issues arising during the fiscal year which have affected the business activities of the Company;
 - e. a report on the supervisory duties that have been performed by the Board of Commissioners during the preceding fiscal year;
 - f. the names of members of the Board of Directors and members of the Board of Commissioners; and
 - g. salaries and allowances for members of the Board of Directors and salaries or honorarium and allowances for members of the Board of Commissioners in the preceding year.
- (3) The financial statement as referred to in paragraph (2) letter a shall be prepared in accordance with financial accounting standards.
- (4) The balance sheet and the income statement of the relevant fiscal year as referred to in paragraph (2) letter a for Companies subject to mandatory audit must be submitted to the Minister in accordance with provisions of laws and regulations.

Article 67

- (1) The annual report as referred to in Article 66 paragraph (1) must be signed by all members of the Board of Directors and all members of the Board of Commissioners serving in the relevant fiscal year and be made available in the office of the Company from the date of RUPS summons to be examined by shareholders.
- (2) In the event of there are members of the Board of Directors or Board of Commissioners who does not sign the annual report as referred to in paragraph (1), then the person concerned must state the reasons in writing, or the reasons must be stated by the Board of Directors in a separate letter attached to the annual report.
- (3) In the event of there are members of the Board of Directors or Board of Commissioners who does not sign the annual report as referred to in paragraph (1) and does not provide the reasons in writing, then the person concerned shall be deemed to have approved the contents of the annual report.

Article 68

- (1) The Board of Directors must deliver the financial statement of the Company to a public accountant to be audited if:
 - a. the business activities of the Company are raising and/or managing public funds;
 - b. the Company issues acknowledgement of indebtedness to the public;
 - c. the Company is a Publicly-Traded Company.

- d. the Company is a state-owned company (persero);
 - e. the Company have assets and/or total business turnover with a total minimum value of IDR 50,000,000,000 (fifty billion rupiah)s; or
 - f. required by laws and regulations.
- (2) In the event of the obligation as referred to in paragraph (1) is not complied with, then the financial statement shall not be validated by the RUPS.
 - (3) The report on results of audit by a public accountant as referred to in paragraph (1) shall be submitted in writing to the RUPS via the Board of Directors.
 - (4) The balance sheet and income statement of the financial statement as referred to in paragraph (1) letter a, letter b, and letter c, must be published in 1 (one) Newspaper after securing a validation from the RUPS.
 - (5) The publication of balance sheet and income statement as referred to in paragraph (4) shall be conducted by no later than 7 (seven) days after securing a validation from the RUPS.
 - (6) Any reduction in the amount of total value as referred to in paragraph (1) letter e shall be stipulated under a Regulation of the Government.

Article 69

- (1) The approval of annual report, including the validation of financial statements and report on the supervisory duties that have been performed by the Board of Commissioners shall be conducted by the RUPS.
- (2) Resolutions on the validation of financial statements and the approval of annual reports as referred to in paragraph (1) are to be adopted in accordance with the provisions of this Law and/or the articles of association.
- (3) In the event of the financial statements that are made available turn out to be incorrect and/or misleading, then members of the Board of Directors and members of the Board of Commissioners shall be jointly and severally liable toward the parties who suffer losses.
- (4) Members of the Board of Directors and Board of Commissioners shall be released from the liability as referred to in paragraph (3) if it has been proven that such situation was not due to their fault.

Division Three

Appropriation of Profit

Article 70

- (1) Companies must set aside a certain amount of net profits in every fiscal year as reserves.
- (2) The mandatory setting aside as reserves as referred to in paragraph (1) is applicable if the the Company has a positive profit balance.
- (3) The setting aside of net profits as referred to in paragraph (1) shall be carried out until the reserves reaches a minimum of 20% (twenty percent) of total issued and paid-up capital.
- (4) The reserves as referred to in paragraph (1) that has not reached the amount as referred to in paragraph (3), may only be used to cover losses which cannot be covered by other reserves.

Article 71

- (1) The appropriation of net profits, including the determination of the amount to be set aside as reserves

as referred to in Article 70 paragraph (1) shall be decided by the RUPS.

- (2) All net profits after being deducted with those set aside as reserves as referred to in Article 70 paragraph (1) shall be distributed to shareholders as dividends, unless otherwise stipulated in the RUPS.
- (3) The dividends as referred to in paragraph (2) may only be distributed if the Company has a positive profit balance.

Article 72

- (1) A Company may distribute interim dividends before the end of fiscal year of the Company, provided that it is set out under the articles of association of the Company.
- (2) The distribution of interim dividends as referred to in paragraph (1) may be carried out if the amount of net assets of the Company do not become less than the total of issued and paid-up capital plus the statutory reserve.
- (3) The distribution of interim dividends as referred to in paragraph (1) shall not disrupt or lead to the Company failing to fulfill its obligations to creditors or disrupt the activities of the Company.
- (4) The distribution of interim dividends shall be determined based upon a resolution of the Board of Directors after securing an approval from the Board of Commissioners, with due regard to the provisions of paragraph (2) and paragraph (3).
- (5) In the event of it is discovered that the Company suffers a loss after the end of the fiscal year, then shareholders must return the distributed interim dividends to the Company.
- (6) The Board of Directors and Board of Commissioners shall be jointly and severally liable for the losses of the Company in the event of shareholders fails to return the interim dividends as referred to in paragraph (5).

Article 73

- (1) Dividends that are uncollected upon the lapse of 5 (five) years from the date which was set for the payment of past dividends shall be deposited into a special reserve.
- (2) The RUPS shall regulate the procedures for collecting dividends that have been deposited into the special reserve as referred to in paragraph (1).
- (3) Dividends that have been deposited into the special reserve as referred to in paragraph (1) and have not been collected within 10 (ten) years shall become the right of the Company.

CHAPTER V

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Article 74

- (1) A Company that conducts business activities in the field of and/or related to natural resources must implement Corporate Social and Environmental Responsibility.
- (2) The Corporate Social and Environmental Responsibility as referred to in paragraph (1) is an obligation of the Company that is budgeted and calculated as costs to the Company, of which the implementation shall be carried out with due regard for appropriateness and reasonableness.
- (3) Companies that does not implement the obligation as referred to in paragraph (1) shall be subject to sanctions in accordance with provisions of laws and regulations.
- (4) Further provisions as regards Corporate Social and Environmental Responsibility shall be regulated

under a Regulation of the Government.

CHAPTER VI

GENERAL MEETING OF SHAREHOLDERS

Article 75

- (1) The RUPS shall have the authorities not vested in the Board of Directors or the Board of Commissioners, within the limits set out under this Law and/or the articles of association.
- (2) Within the forum of a RUPS, shareholders are entitled to acquire information relating to the Company from the Board of Directors and Board of Commissioners, so long as it is relevant to the agenda of the meeting and not contrary to the interests of the Company.
- (3) A RUPS with a miscellaneous agenda is not entitled to adopt resolutions, unless all the shareholders are present and/or represented in the RUPS and approve additions to the agenda of the meeting.
- (4) A resolution over an added agenda to the meeting must be approved unanimously.

Article 76

- (1) A RUPS shall be held at the place of domicile of the Company or at the place where the Company conducts its main business activities as set out under the articles of association.
- (2) The RUPS of a Publicly-Traded Company may be held at the place of domicile of the stock exchange where the shares of the Company are listed.
- (3) The venue of the RUPS as referred to in paragraph (1) and paragraph (2) must be located within the territory of the Republic of Indonesia.
- (4) If all shareholders are present and/or represented in a RUPS and all shareholders approved the RUPS to be held with a specific agenda, then the RUPS may be held anywhere with due regard to the provision as referred to in paragraph (3).
- (5) The RUPS as referred to in paragraph (4) may adopt resolutions if the resolutions are approved unanimously.

Article 77

- (1) Other than the organization of RUPS as referred to in Article 76, the RUPS may also be conducted through the media of teleconference, video conference or other electronic media facilities that enables all participants of the RUPS to view and hear each other directly and to participate in the meeting.
- (2) The quorum requirements and voting requirements shall be the requirements as set out under this Law and/or as set out under the articles of association of the Company.
- (3) The requirements referred to in paragraph (2) shall be calculated based on the participation of RUPS participants as referred to in paragraph (1).
- (4) Every organization of RUPS as referred to in paragraph (1) shall have a minute of the meeting be drawn up, and it must be approved and signed by all participants of the RUPS.

Article 78

- (1) RUPS are comprised of annual RUPS and other RUPS.
- (2) The annual RUPS must be held within a maximum period of 6 (six) months after the end of the fiscal year.

- (3) All annual report documents of the Company as referred to in Article 66 paragraph (2) must be submitted in the annual RUPS.
- (4) Other RUPS may be held anytime if deemed necessary for the interest of the Company.

Article 79

- (1) The Board of Directors shall hold the annual RUPS as referred to in Article 78 paragraph (2) and the other RUPS as referred to in Article 78 paragraph (4) that are preceded by a RUPS summons.
- (2) The RUPS as referred to in paragraph (1) may be held at the request of:
 - a. 1 (one) shareholder or more who jointly represent 1/10 (one-tenth) of the total number of shares with voting right or more, unless the articles of association set out a smaller number; or
 - b. the Board of Commissioners.
- (3) The request as referred to in paragraph (2) shall be submitted to the Board of Directors by registered mail along with the reasons therefore.
- (4) A copy of the registered mail as referred to in paragraph (3) which is submitted by shareholders must be sent to the Board of Commissioners.
- (5) The Board of Directors must issue a RUPS summons within a maximum period of 15 (fifteen) days from the date of receipt of the request for the organization of the RUPS.
- (6) In the event of the Board of Directors does not issue a RUPS summons as referred to in paragraph (5),
 - a. then the request for the organization of RUPS as referred to in paragraph (2) letter a should be resubmitted to the Board of Commissioners; or
 - b. the Board of Commissioners shall personally perform RUPS summons as referred to in paragraph (2) letter b.
- (7) The Board of Commissioners must perform the RUPS summons as referred to in paragraph (6) letter a within a maximum period of 15 (fifteen) days from the date of receipt of the request to organize RUPS.
- (8) The RUPS organized by the Board of Directors pursuant to the RUPS summons as referred to in paragraph (5) shall discuss matters relating to the reasons as referred to in paragraph (3) and other meeting agenda deemed as necessary by the Board of Directors.
- (9) The RUPS organized by the Board of Commissioners pursuant to the RUPS summons as referred to in paragraph (6) letter b and paragraph (7) shall only discuss matters relating to the reasons as referred to in paragraph (3).
- (10) The organization of RUPS of a Publicly-Traded Company shall adhere to the provisions of this Law to the extent that the provisions of laws and regulations within the capital market sector does not stipulate otherwise.

Article 80

- (1) In the event of the Board of Directors or Board of Commissioners does not perform the RUPS summons within the timeframe as referred to in Article 79 paragraph (5) and paragraph (7), then the shareholders who requests for the organization of the RUPS may submit an application to the chair of the district court whose jurisdiction covers the place of domicile of the Company to grant permission to the applicant to personally perform the RUPS summons in question.
- (2) After summoning and hearing the applicant, the Board of Directors and/or the Board of Commissioners, the chair of the district court shall render a ruling that grants the permission to organize RUPS if the applicant has, in summary, proven that the requirements has been met and the applicant has reasonable interest to organize a RUPS.

- (3) The ruling of the chair of the district court as referred to in paragraph (2) shall also contain provisions as regards:
 - a. the form of the RUPS, the agenda of the RUPS in accordance with the application of the shareholder, the timeframe for a RUPS summons, the quorum for attendance, and/or provisions on the requirements for adopting a RUPS resolution, as well as the appointment of the chairman of the meeting, in accordance with or without being bound by the provisions of this Law or the articles of association; and/or
 - b. an order that requires the Board of Directors and/or the Board of Commissioners to be present at the RUPS.
- (4) The chair of the district court shall reject an application if the applicant fails to prove in summary that the requirements has been met and that the applicant has reasonable interest to organize a RUPS.
- (5) The RUPS as referred to in paragraph (1) may only discuss the meeting agenda as stipulated by the chief of the district court.
- (6) The ruling of the chair of the district court as regards the granting of permission as referred to in paragraph (3) shall be final and have permanent legal force.
- (7) In the event of the ruling of the chair of the district court rejected the application as referred to in paragraph (4), then cassation is the only legal remedy that can be submitted.
- (8) The provision as referred to in paragraph (1) shall also apply to Publicly-Traded Companies with due regard to the requirements for the announcement of the holding of a RUPS and other requirements for holding a RUPS as set out under laws and regulations within the capital market sector.

Article 81

- (1) The Board of Directors shall summon the shareholders before holding a RUPS.
- (2) In certain cases, the RUPS summons as referred to in paragraph (1) may be performed by the Board of Commissioners or shareholders based on a ruling of the chair of the district court.

Article 82

- (1) The RUPS summons shall be performed within a maximum period of 14 (fourteen) days prior to the date the RUPS is held, excluding the date of the summons and date of the RUPS.
- (2) The RUPS summons shall be carried out by Registered Mail and/or advertisements in Newspapers.
- (3) The RUPS summons must state the date, time, venue and agenda of the meeting, accompanied by a notification that the materials to be discussed in the RUPS are available at the office of the Company from the date the RUPS summons was carried out.
- (4) Companies are required to provide copies of the materials as referred to in paragraph (3) to the shareholders, if requested, free of charge.
- (5) In the event of the summons is not in accordance with the provisions as referred to in paragraph (1) and paragraph (2), and the summons is not in accordance with the provisions of paragraph (3), then the RUPS resolution shall remain valid if all the shareholders with voting rights are present or represented in the RUPS and the resolutions are approved unanimously.

Article 83

- (1) For Publicly-Traded Companies, prior to performing the RUPS summons, it should be preceded by an announcement that there will be an RUPS summons with due regard to laws and regulations within the capital market sector.
- (2) The announcement as referred to in paragraph (1) shall be performed within a maximum period of 14

(fourteen) days prior to the RUPS summons.

Article 84

- (1) Unless otherwise stipulated under the articles of association, each issued share shall bear one voting right.
- (2) The voting right as referred to in paragraph (1) shall not apply to:
 - a. shares of the Company that are owned by the Company itself;
 - b. shares of a parent Company that are directly or indirectly owned by its subsidiary; or
 - c. shares of the Company that are owned by another Company whose shares have, directly or indirectly, been owned by the Company.

Article 85

- (1) Shareholders, either in person or represented on the basis of a power of attorney, shall be entitled to attend a RUPS and exercise their voting rights in proportion to the number of shares they own.
- (2) The provision as referred to in paragraph (1) shall not apply to shareholders of shares without voting right.
- (3) In the voting, the votes cast by shareholders shall apply to all the shares they own and shareholders have no right to grant power of attorney to more than one proxy over a portion of the number of shares they own to cast a different vote.
- (4) In the voting, members of the Board of Directors, members of the Board of Commissioners and employees of the Company concerned are prohibited to act as the proxy of the shareholders as referred to in paragraph (1).
- (5) In the event of the shareholders attend the RUPS in person, then the power of attorney that are already granted shall not be valid in the said meeting.
- (6) The chairman of the meeting is authorized to determine who is entitled to attend the RUPS, with due regard to the provisions of this Law and the articles of association of the Company.
- (7) Toward Publicly-Traded Companies, in addition to the application of provisions as referred to in paragraph (3) and paragraph (6), the provisions of laws and regulations within the capital market sector are also applicable.

Article 86

- (1) A RUPS may be held if more than $\frac{1}{2}$ (one-half) of the total shares with voting rights are present or represented in the RUPS, unless the Law and/or the articles of association sets out a higher quorum.
- (2) In the event of the quorum as referred to in paragraph (1) is not reached, then a second RUPS summons may be performed.
- (3) The second RUPS summons must state that the first RUPS has been held and failed to reach the quorum.
- (4) The second RUPS as referred to in paragraph (2) shall be valid and entitled to adopt resolutions if at least $\frac{1}{3}$ (one-third) of the total shares with voting rights are present or represented in the RUPS, unless the articles of association sets out a higher quorum.
- (5) In the event of the quorum of the second RUPS as referred to in paragraph (4) is not reached, then the Company may appeal to the chair of the district court whose jurisdiction covers the place of domicile of the Company to determine the quorum for a third RUPS at the request of the Company.
- (6) The third RUPS summons must state that the second RUPS has been held and failed to reach the

quorum, and that the third RUPS shall be held with a quorum determined by the chair of the district court.

- (7) The ruling of the chair of the district court as regards the RUPS quorum as referred to in paragraph (5) shall be final and binding.
- (8) The second and third RUPS summons shall be performed within a maximum period of 7 (seven) days prior to the organization of the second or third RUPS.
- (9) The second and third RUPS shall be held by no earlier than 10 (ten days) and by no later than 21 (twenty-one) days after the preceding RUPS has taken place.

Article 87

- (1) A RUPS resolution must be adopted based upon deliberation for consensus (musyawarah untuk mufakat).
- (2) In the event of a resolution based upon deliberation for consensus as referred to in paragraph (1) is not reached, then the resolution shall be valid if approved by more than $\frac{1}{2}$ (one-half) of the total amount of casted votes, unless the Law and/or the articles of association sets out that a resolution shall be valid if approved by a greater number of affirmative votes.

Article 88

- (1) The RUPS to amend the articles of association may be held if at least $\frac{2}{3}$ (two-thirds) of the total shares with voting rights are present or represented in the RUPS, and the resolution shall be valid if approved by at least $\frac{2}{3}$ (two-thirds) of the total casted votes, unless the articles of association sets out a greater attendance quorum and/or provisions on the adoption of a RUPS resolution.
- (2) In the event of the attendance quorum as referred to in paragraph (1) is not reached, then a second RUPS shall be held.
- (3) The second RUPS as referred to in paragraph (2) shall be valid and entitled to adopt a resolution if at least $\frac{3}{5}$ (three-fifths) of the total shares with voting rights are present or represented in the RUPS, and the resolution shall be valid if approved by at least $\frac{2}{3}$ (two-thirds) of the total casted votes, unless the articles of association sets out a greater attendance quorum and/or provisions on the adoption of a RUPS resolution.
- (4) The provisions as referred to in Article 86 paragraph (5), paragraph (6), paragraph (7), paragraph (8) and paragraph (9) applies mutatis mutandis to the RUPS as referred to in paragraph (1).
- (5) The provisions as referred to in paragraph (1), paragraph (2), and paragraph (3) as regards the attendance quorum and provisions on requirements for the adoption of a RUPS resolution shall also apply toward Publicly-Traded Companies to the extent they are not stipulated otherwise under laws and regulations within the capital market sector.

Article 89

- (1) The RUPS to approve the Merger, Consolidation, Acquisition, or Separation, the submission of application for the Company to be declared bankrupt, the extension of duration of establishment, and the dissolution of Companies may be held if at least $\frac{3}{4}$ (three-fourths) of the total number of shares with voting rights are present or represented in the RUPS, and the resolution shall be valid if approved by at least $\frac{3}{4}$ (three-fourths) of the total casted votes, unless the articles of association sets out a greater attendance quorum and/or provisions on requirements for the adoption of a RUPS resolution.
- (2) In the event of the attendance quorum as referred to in paragraph (1) is not reached, then a second RUPS shall be held.
- (3) The second RUPS as referred to in paragraph (2) shall be valid and entitled to adopt a resolution if at least $\frac{2}{3}$ (two-thirds) of the total shares with voting rights are present or represented in the RUPS, and

the resolution shall be valid if approved by at least $\frac{3}{4}$ (three-fourths) of the total casted votes, unless the articles of association sets out a greater attendance quorum and/or provisions on the adoption of a RUPS resolution.

- (4) The provisions as referred to in Article 86 paragraph (5), paragraph (6), paragraph (7), paragraph (8) and paragraph (9) applies mutatis mutandis to the RUPS as referred to in paragraph (1).
- (5) The provisions as referred to in paragraph (1), paragraph (2), and paragraph (3) as regards the attendance quorum and provisions on requirements for the adoption of a RUPS resolution shall also apply toward Publicly-Traded Companies to the extent they are not stipulated otherwise under laws and regulations within the capital market sector.

Article 90

- (1) Every organization of RUPS shall have a minute of the RUPS be drawn up and signed by the chairman of the meeting and at least 1 (one) shareholder appointed from and by the participants of the RUPS.
- (2) The signatures as referred to in paragraph (1) shall not be required if the minute of the RUPS in question are drawn up in a notarial deed.

Article 91

Shareholders may also adopt binding resolutions outside a RUPS on condition that all the shareholders with voting rights approve them in writing by way of signing the proposal in question.

CHAPTER VII

BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

Division One

Board of Directors

Article 92

- (1) The Board of Directors carries out the management of the Company for the interests of the Company in accordance with the purposes and objectives of the Company.
- (2) The Board of Directors is authorized to carry out the management as referred to in paragraph (1) in accordance with the policies deemed appropriate within the limits set out under this Law and/or the articles of association.
- (3) The Board of Directors of a Company shall consist of 1 (one) member of the Board of Directors or more.
- (4) Companies of which the business activities are related to the raising and/or managing public funds, Companies that issues acknowledgement of indebtedness to the public or a Publicly-Traded Company should have at least 2 (two) members of the Board of Directors.
- (5) In the event of the Board of Directors consists of 2 (two) or more members of the Board of Directors, then the distribution of management duties and authorities among the members of the Board of Directors shall be stipulated based upon a RUPS resolution.
- (6) In the event of the RUPS as referred to in paragraph (5) made no such stipulation, then the distribution of management duties and authorities of members of the Board of Directors shall be stipulated by a resolution of the Board of Directors.

Article 93

- (1) The ones that may be appointed as members of the Board of Directors shall be individual persons capable of conducting legal acts, unless if within a period of 5 (five) years prior to his/her appointment he/she has ever:
 - a. been declared bankrupt;
 - b. been a member of a Board of Directors or Board of Commissioners who was declared at fault in causing a Company to be declared bankrupt; or
 - c. been convicted for committing a criminal offense that is detrimental to the finance of the state and/or related to the financial sector.
- (2) Provisions on the requirements as referred to in paragraph (1) does not reduce the possibility of authorized technical institutions stipulating additional requirements based on laws and regulations.
- (3) The fulfillment of the requirements as referred to in paragraph (1) and paragraph (2) shall be evidenced by documents retained by the Company.

Article 94

- (1) Members of the Board of Directors shall be appointed by the RUPS.
- (2) For the first time, the appointment of members of the Board of Directors shall be performed by the founder(s) in the deed of establishment as referred to in Article 8 paragraph (2) letter b.
- (3) Members of the Board of Directors shall be appointed for a specified term and can be reappointed.
- (4) The articles of association shall govern procedures for the appointment, replacement, and dismissal of members the Board of Directors and may also govern procedures for the nomination of members the Board of Directors.
- (5) The RUPS resolution as regards the appointment, replacement, and dismissal of members of the Board of Directors shall also stipulate the effective date of the appointment, replacement, or dismissal in question.
- (6) In the event of the RUPS does not stipulate the effective date of the appointment, replacement, or dismissal of members of the Board of Directors, then the appointment, replacement, or dismissal of members of the Board of Directors in question shall come into force from the closing of the RUPS.
- (7) In the event of the occurrence of appointment, replacement, or dismissal of members of the Board of Directors, then the Board of Directors should notify the changes to members of the Board of Directors to the Minister to be recorded in the Company Registry within a maximum period of 30 (thirty) days from the date of the said RUPS resolution.
- (8) In the event of the notification as referred to in paragraph (7) is yet to be conveyed, then the Minister shall reject any application submitted or notification conveyed to the Minister by the Board of Directors that are yet to be recorded in the Company Registry.
- (9) The notification as referred to in paragraph (8) does not include the notification conveyed by the new Board of Directors of his/her own appointment.

Article 95

- (1) The appointment of members of the Board of Directors that does not fulfill the requirements as referred to in Article 93 shall be null and void due to law from the moment other members of the Board of Directors or the Board of Commissioners discovers the said non-fulfillment of requirements.
- (2) Within a maximum period of 7 (seven) days from its discovery, other members of the Board of Directors or the Board of Commissioners must announce the annulment of appointment of the relevant

member of the Board of Directors in Newspapers and notify it to the Minister to be recorded in the Company Registry.

- (3) Any legal act performed for and on behalf of the Company by a member of the Board of Directors as referred to in paragraph (1) prior to the annulment of his/her appointment shall remain binding and become the liability of the Company.
- (4) Any legal act performed for and on behalf of the Company by a member of the Board of Directors as referred to in paragraph (1) after the annulment of his/her appointment are invalid and shall become personal liability of the member of the Board of Directors concerned.
- (5) The provision as referred to in paragraph (3) does not reduce the liability of the member of the Board of Directors concerned toward the losses of the Company as referred to in Article 97 and Article 104.

Article 96

- (1) Provisions on the amount of salaries and allowances of the members of the Board of Directors shall be stipulated based on a RUPS resolution.
- (2) The authority of the RUPS as referred to in paragraph (1) may be delegated to the Board of Commissioners.
- (3) In the event of the authority of the RUPS referred to in paragraph (2) is delegated to the Board of Commissioners, then the amount of salaries and allowances as referred to in paragraph (1) shall be stipulated under a resolution of a meeting of the Board of Commissioners.

Article 97

- (1) The Board of Directors is responsible for the management of the Company as referred to in Article 92 paragraph (1).
- (2) The management as referred to in paragraph (1) shall be carried out by every member of the Board of Directors in good faith and with full responsibility.
- (3) Every member of the Board of Directors shall be fully and personally responsible for the losses of the Company if the person concerned is at fault or negligent in carrying out his/her duties in accordance with the provisions as referred to in paragraph (2).
- (4) In the event of the Board of Directors consists of 2 (two) or more members, then the responsibility as referred to in paragraph (3) shall apply jointly and severally for every member of the Board of Directors.
- (5) A member of the Board of Directors cannot be held responsible for the loss as referred to in paragraph (3) if he/she can prove that:
 - a. the loss in question does not result from his/her fault or negligence;
 - b. he/she has perform the management in good faith and with due care for the interests and in accordance with the purposes and objectives of the Company;
 - c. he/she has no conflict of interest, either directly or indirectly, in acts of management causing the loss;
 - d. he/she already taken measures to prevent the onset or continuation of the said loss.
- (6) On behalf of the Company, shareholders representing at least 1/10 (one-tenth) of the total number of shares with voting rights may file a lawsuit through the district court toward a member of the Board of Directors who, due to his/her fault or negligence, has cause losses to the Company.
- (7) The provision as referred to in paragraph (5) shall not reduce the right of other members of the Board of Directors and/or members of the Board of Commissioners to file a lawsuit on behalf of the Company.

Article 98

- (1) The Board of Directors represents the Company both in and out of the court.
- (2) In the event of members of the Board of Directors consists of more than 1 (one) person, then every member of the Board of Directors shall be authorized to represent the Company, unless stipulated otherwise under the articles of association.
- (3) The authority of the Board of Directors to represent the Company as referred to in paragraph (1) shall be unlimited and unconditional, unless otherwise stipulated under this Law, the articles of association, or RUPS resolutions.
- (4) The RUPS resolutions as referred to in paragraph (3) may not be in conflict with this Law and/or the articles of association of the Company.

Article 99

- (1) A member of the Board of Directors shall not be authorized to represent the Company if:
 - a. there is an ongoing court case between the Company and the relevant member of the Board of Directors;
 - b. the relevant member of the Board of Directors has a conflict of interest with the Company.
- (2) In the event of the circumstances as referred to in paragraph (1) arises, then the ones entitled to represent the Company shall be:
 - a. other members of the Board of Directors who has no conflict of interest with the Company;
 - b. the Board of Commissioners, in the event of all members of the Board of Directors have a conflict of interest with the Company; or
 - c. another party appointed by the RUPS in the event of all members of the Board of Directors or Board of Commissioner have a conflict of interest with the Company.

Article 100

- (1) The Board of Directors are required to:
 - a. draw up the register of shareholders, the special register, the minutes of the RUPS, and the minutes of meeting of the Board of Directors;
 - b. draw up the annual report as referred to in Article 66 and the financial documents of the Company as set out under the Law on Corporate Documents; and
 - c. maintain all registers, minutes, and financial documents of the Company as referred to in letter a and letter b above and other documents of the Company.
- (2) All registers, minutes, and financial documents of the Company as referred to in paragraph (1) must be retained at the place of domicile of the Company.
- (3) Upon a written request of the shareholders, the Board of Directors shall grant permission to shareholders to examine the register of shareholders, the special register, the minutes of the RUPS as referred to in paragraph (1) and the annual reports, as well as to acquire copies of the minutes of the RUPS and copies of the annual reports.
- (4) The provision as referred to in paragraph (3) does not rule out the possibility of laws and regulations within the capital market sector stipulating otherwise.

Article 101

- (1) Members of the Board of Directors must report the shares owned by the member of the Board of Directors concerned and/or their families in the Company and other Companies to the Company to be subsequently recorded in a special register.
- (2) Members of the Board of Directors who fails to perform the obligation as referred to in paragraph (1) and causes a loss to the Company shall be held personally liable for the said loss of the Company.

Article 102

- (1) The Board of Directors must seek an approval from the RUPS to:
 - a. transfer the assets of the Company; or
 - b. encumber the assets of the Company;which constitute more than 50% (fifty percent) of the total net assets of the Company in 1 (one) transaction or more, whether related to one another or not.
- (2) The transaction as referred to in paragraph (1) letter a is the transaction of transfer of the Company's net assets that occurs within a period of 1 (one) fiscal year or a longer period of time as set out under the articles of association of the Company.
- (3) The provisions as referred to in paragraph (1) shall not apply toward the act of transfer or encumbrance of the assets of the Company conducted by the Board of Directors as an implementation of the business activities of the Company in accordance with its articles of association.
- (4) The legal acts as referred to in paragraph (1) carried out without an approval from the RUPS shall remain binding to the Company to the extent that the other party in the said legal act acted in good faith.
- (5) The provisions on attendance quorum and/or provisions on the adoption of RUPS resolutions as referred to in Article 89 shall apply mutatis mutandis to RUPS resolutions approving acts of the Board of Directors as referred to in paragraph (1).

Article 103

The Board of Directors may grant a power of attorney in writing to 1 (one) or Company employee or more or to other people to perform certain legal acts specified under the power of attorney for and on behalf of the Company.

Article 104

- (1) Notwithstanding the provisions set out under the Law on Bankruptcy and Suspension of Debt Payment Obligations, the Board of Directors are not authorized to file bankruptcy petition for its own Company before securing an approval from the RUPS.
- (2) In the event of the bankruptcy as referred to in paragraph (1) occurs due to the fault or negligence of the Board of Directors and the bankruptcy assets are inadequate to pay off all liabilities of the Company in the said bankruptcy, then every member of the Board of Directors shall be jointly and severally liable for all liabilities not paid off from the said bankruptcy assets.
- (3) The liability as referred to in paragraph (2) shall also apply to members of the Board of Directors found to be at fault or negligent who were members of the Board of Directors within a 5 (five) year period prior to the bankruptcy declaration decision is pronounced.
- (4) Members of the Board of Directors shall not be liable for the Company's bankruptcy as referred to in paragraph (2) if he/she can prove that:
 - a. the said bankruptcy was not due to his/her fault or negligence;
 - b. he/she has perform management in good faith, with due care, and with full responsibility in the

interest of the Company and in accordance with the purposes and objectives of the Company;

- c. he/she has no conflict of interest, either directly or indirectly, over the acts of management that are taken;
 - d. he/she has taken measures to prevent the occurrence of bankruptcy.
- (5) The provisions as referred to in paragraph (2), paragraph (3) and paragraph (4) shall also apply to the Board of Directors of a Company that is declared bankrupt based on third-party lawsuit.

Article 105

- (1) Members of the Board of Directors may be dismissed at any time based on a RUPS resolution by stating the reasons.
- (2) The resolution to dismiss member(s) of the Board of Directors as referred to in paragraph (1) shall be adopted after the person(s) concerned has been provided with an opportunity to defend him/herself at the RUPS.
- (3) In the event of the resolution to dismiss member(s) of the Board of Directors referred to in paragraph (2) is adopted by a resolution outside a RUPS in accordance with the provisions as referred to in Article 91, then the member of the Board of Directors concerned must first be notified of the plan for his/her dismissal and be provided with an opportunity to defend him/herself prior the adoption of the dismissal resolution.
- (4) The provision of the opportunity to defend him/herself as referred to in paragraph (2) is not necessary in the event of the person concerned does not object to the said dismissal.
- (5) The dismissal of member(s) of the Board of Directors shall be in effect from:
 - a. the closing of the RUPS as referred to in paragraph (1)
 - b. the date of the resolution as referred to in paragraph (3);
 - c. another date set out under the RUPS resolution as referred to in paragraph (1);
 - d. another date set out under the resolution as referred to in paragraph (3)

Article 106

- (1) Members of the Board of Directors may be temporarily suspended by the Board of Commissioners by stating the reasons.
- (2) The temporary suspension as referred to in paragraph (1) shall be notified in writing to the relevant member of the Board of Directors.
- (3) Member(s) of the Board of Directors who is temporarily suspended as referred to in paragraph (1) shall not be authorized to carry out the duties as referred to in Article 92 paragraph (1) and Article 98 paragraph (1).
- (4) A RUPS must be held within a maximum period of 30 (thirty) days after the date of the temporary suspension.
- (5) The member(s) of the Board of Directors concerned shall be provided with an opportunity to defend him/herself at the RUPS as referred to in paragraph (4).
- (6) The RUPS shall revoke or reaffirm the resolution on temporary suspension in question.
- (7) In the event of the RUPS reaffirms the resolution on temporary suspension, then the relevant member of the Board of Directors shall be permanently dismissed.
- (8) In the event of the period of 30 (thirty) days has lapsed without the RUPS as referred to in paragraph (4) being held, or the RUPS is unable to adopt a resolution, then the said temporary suspension shall become void.

- (9) For Publicly-Traded Companies, the provisions of laws and regulations within the capital market sector shall apply toward the organization of RUPS as referred to in paragraph (6) and paragraph (7).

Article 107

The articles of association shall govern provisions as regards:

- a. procedures for the resignation of a member(s) of the Board of Directors;
- b. the procedures for filling in a vacant position in the membership of the Board of Directors;
- c. the party authorized to carry out the management and represent the Company in the event of all members of the Board of Directors are absent or temporarily suspended.

Division Two

Board of Commissioners

Article 108

- (1) The Board of Commissioners shall perform oversight toward management policies, performance of management in general, both in respect of the Company and the business of the Company, and provide advice to the Board of Directors.
- (2) The oversight and provision of advice as referred to in paragraph (1) shall be performed in the interests of the Company in accordance with the purposes and objectives of the Company.
- (3) The Board of Commissioners shall consist of 1 (one) or member or more.
- (4) A Board of Commissioners consisting of more than 1 (one) member shall constitute a council and every member of the Board of Commissioners cannot act on individually, but only based on a resolution of the Board of Commissioners.
- (5) Companies whose business activities related to raising and/or managing public funds, Companies that issues acknowledgement of indebtedness to the public, or Publicly-Traded Companies, must have at least 2 (two) members of the Board of Commissioners.

Article 109

- (1) In addition to the Board of Commissioners, Companies conducting business activities based upon sharia principles must have a Sharia Supervisory Board.
- (2) The Sharia Supervisory Board as referred to in paragraph (1) shall consist of one sharia expert or more who was appointed by the RUPS upon a recommendation from the Indonesian Ulema Council.
- (3) The Sharia Supervisory Board as referred to in paragraph (1) shall have the duty of providing advice and recommendations to the Board of Directors, as well as overseeing the activities of the Company in order to ensure compliance with the sharia principles.

Article 110

- (1) The ones that may be appointed as members of the Board of Commissioners shall be individual persons capable of conducting legal acts, unless if within a period of 5 (five) years prior to his/her appointment he/she has ever:
 - a. been declared bankrupt;
 - b. a member of a the Board of Commissioners who was declared at fault in causing a Company to be declared bankrupt; or

- c. been convicted for committing a criminal offense that is detrimental to the finance of the state and/or related to the financial sector .
- (2) Provisions on the requirements as referred to in paragraph (1) does not reduce the possibility of authorized technical institutions stipulating additional requirements based on laws and regulations.
- (3) The fulfillment of the requirements as referred to in paragraph (1) and paragraph (2) shall be evidenced by documents retained by the Company.

Article 111

- (1) Members of the Board of Commissioners shall be appointed by the RUPS.
- (2) For the first time, the appointment of members of the Board of Commissioners performed by the founder(s) in the deed of establishment as referred to in Article 8 paragraph (2) letter b.
- (3) Members of the Board of Commissioners shall be appointed for a specified term and can be reappointed.
- (4) The articles of association shall provide the procedure for the appointment, replacement, and dismissal of members the Board of Commissioners and may also govern procedures for the nomination of members the Board of Commissioners.
- (5) The RUPS resolutions on the appointment, replacement, and dismissal of members of the Board of Commissioners shall also stipulate the effective date of the appointment, replacement, or dismissal in question.
- (6) In the event of the RUPS does not stipulate the effective date of the appointment, replacement, or dismissal of members of the Board of Commissioners, then the appointment, replacement, or dismissal of members of the Board of Commissioners shall come into force from the closing of the RUPS.
- (7) In the event of the occurrence of appointment, replacement, or dismissal of members of the Board of Commissioners, then the Board of Commissioners should notify the changes to members of the Board of Commissioners to the Minister to be recorded in the Company Registry within a maximum period of 30 (thirty) days from the date of the said RUPS resolution
- (8) In the event of notification as referred to in paragraph (7) is yet to be conveyed, then the Minister shall reject any further notification of the amendments to the composition of the Board of Commissioners conveyed to the Minister by the Board of Directors.

Article 112

- (1) The appointment of members of the Board of Commissioners that does not fulfill the requirements as referred to in Article 110 paragraph (1) and paragraph (2) shall be void by law shall be null and void due to law from the moment other members of the Board of Commissioners or the Board of Directors discovers the said non-fulfillment of requirements.
- (2) Within a maximum period of 7 (seven) days from its discovery, the Board of Directors must announce the annulment of appointment of the relevant member of the Board of Commissioners in Newspapers and notify it to the Minister to be recorded in the Company Registry.
- (3) Any legal act performed for and on behalf of the Company by a member of the Board of Commissioners as referred to in paragraph (1) prior to the annulment of his/her appointment shall remain binding and become the liability of the Company.
- (4) The provision as referred to in paragraph (3) does not reduce the liability of the member of the Board of Commissioners concerned toward the losses of the Company as referred to in Article 114 and Article 115.

Article 113

Provisions on the amount of salaries or honorarium and allowances for members of the Board of Commissioners shall be stipulated by the RUPS.

Article 114

- (1) The Board of Commissioners is responsible for the oversight of the Company as referred to in Article 108 paragraph (1).
- (2) Every member of the Board of Commissioners must carry out the duties of overseeing and providing advice to the Board of Directors as referred to in Article 108 paragraph (1) in good faith, with due care and responsibility, for the best interests of the Company in accordance with the purposes and objectives of the Company.
- (3) Every member of the Board of Commissioners shall be held personally responsible for the losses of the Company if the person concerned is at fault or negligent in carrying out his/her duties as referred to in paragraph (2).
- (4) In the event of the Board of Commissioners consists of 2 (two) or more members, then the responsibility as referred to in paragraph (3) shall apply jointly and severally for every member of the Board of Commissioners.
- (5) A member of the Board of Commissioners cannot be held responsible for the loss as referred to in paragraph (3) if he/she can prove that:
 - a. He/she has perform the oversight in good faith and with due care for the interests of the Company and in accordance with the purposes and objectives of the Company;
 - b. he/she has no personal interest, either directly or indirectly, in acts of management by the Board of Directors that caused the loss;
 - c. he/she has provide advice to the Board of Directors to prevent the onset or continuation of the said loss .
- (6) On behalf of the Company, shareholders representing at least 1/10 (one-tenth) of the total number of shares with voting rights may file a lawsuit through the district court toward a member of the Board of Commissioners who, due to his/her fault or negligence, has cause losses to the Company.

Article 115

- (1) In the event of an occurrence of bankruptcy due to the fault or negligence of the Board of Commissioners in conducting oversight toward the management performed by the Board of Directors and the assets of the Company are inadequate to pay off all liabilities of the Company as a result of the said bankruptcy, then every member of the Board of Commissioners shall be jointly and severally liable along with members of the Board of Directors for liabilities that have not been paid off.
- (2) The liability as referred to in paragraph (1) shall also apply to members of the Board of Commissioners who no longer serve 5 (five) years prior to the bankruptcy declaration decision is pronounced.
- (3) A member of the Board of Commissioners shall not be liable for the bankruptcy of the Company as referred to in paragraph (1) if he/she can prove that:
 - a. the bankruptcy was not due to his/her fault or negligence;
 - b. he/she has performed his/her oversight in good faith and with due care for the interests of the Company and in accordance with purposes and objectives of the Company;
 - c. he/she has no personal interest, either directly or indirectly, in the acts of management by the Board of Directors that caused the loss;
 - d. he/she has provided advice to the Board of Directors to prevent the bankruptcy from occurring.

Article 116

The Board of Commissioners is required to:

- a. prepare minutes of meetings of the Board of Commissioners and retain the copies;
- b. report the ownership of shares of themselves and/or their families in the said Company and other Companies to the Company; and
- c. provide report on oversight duties that has been performed during the past fiscal year to the RUPS.

Article 117

- (1) The granting of authority to the Board of Commissioners to provide approval or assistance to the Board of Directors in performing certain legal acts can be stipulated under the articles of association.
- (2) In the event of the articles of association stipulated the requirements for providing approval or assistance as referred to in paragraph (1), then without approval or assistance by the Board of Commissioners, legal acts shall remain binding toward the Company so long as the other party in the said legal act was acting in good faith.

Article 118

- (1) Based on the articles of association or a RUPS resolution, the Board of Commissioners may carry out acts of management of the Company in certain circumstances for a certain period of time.
- (2) All provisions as regards the rights, authorities and obligations of the Board of Directors to the Company and third parties shall apply toward the Board of Commissioners who in certain circumstances for a certain period of time carries out acts of management actions as referred to in paragraph (1).

Article 119

Provisions as regards the dismissal of members of the Board of Directors as referred to in Article 105 shall apply mutatis mutandis to the dismissal of members of the Board of Commissioners.

Article 120

- (1) The articles of association of the Company may govern the existence of 1 (one) independent commissioner or more and 1 (one) delegate commissioner.
- (2) The independent commissioner as referred to in paragraph (1) shall be appointed by a RUPS resolution from the parties unaffiliated to the majority shareholders, members of the Board of Directors and/or other members of the Board of Commissioners.
- (3) the delegate commissioner as referred to in paragraph (1) shall be a member of the Board of Commissioners that are appointed based on the resolution of a meeting of the Board of Commissioners.
- (4) The duties and authorities of the delegate commissioner shall be stipulated under the articles of association of the Company on condition that they does not contradict the duties and authorities of the Board of Commissioners and does not reduce the management duties carried out by the Board of Directors.

Article 121

- (1) In carrying out the supervisory duties as referred to in Article 108, the Board of Commissioners may establish a committee, of which one member or more is a member of the Board of Commissioners.
- (2) The committee as referred to in paragraph (1) shall report to the Board of Commissioners.

CHAPTER VIII

MERGER, CONSOLIDATION, ACQUISITION, AND SEPARATION

Article 122

- (1) A Merger and Consolidation shall result in the absorbed or consolidating companies become terminated due to law.
- (2) The termination of the Companies as referred to in paragraph (1) occurred without prior liquidation.
- (3) In the event of the termination of a Company as referred to in paragraph (2),
 - a. the assets and liabilities of the absorbed or consolidating Companies shall be transferred due to law to the surviving Company or the Company resulting from the the Consolidation;
 - b. the shareholders of the absorbed or consolidating Companies shall due to law become the shareholders of the surviving Company or the Company resulting from the Consolidation; and
 - c. the absorbed or consolidating Company shall be terminated due to law from the date the Merger or Consolidation comes into effect.

Article 123

- (1) The Boards of Directors of the absorbed Company and the surviving Company shall draw up a draft Merger.
- (2) The draft Merger as referred to in paragraph (1) should at least contain:
 - a. the name and place of domicile of each Company intending to conduct the Merger;
 - b. the reasons and an explanation from the Board of Directors of each Company which intends to conduct the Merger and the requirements for the Merger;
 - c. the procedure for the valuation and conversion of the shares of the absorbed Company toward the shares of the surviving Company;
 - d. a draft amendment to the articles of association of the surviving Company, if any;
 - e. the financial report as referred to in Article 66 paragraph (2) letter a which covers the last 3 (three) fiscal years of each Company intending to conduct the Merger;
 - f. the plan for continuing or terminating the business activities of the Companies intending to conduct the Merger;
 - g. a pro forma balance sheet of the surviving Company in accordance with the accounting standards generally accepted in Indonesia;
 - h. procedures for the settlement of statuses, rights and obligations of the members of the Board of Directors, the Board of Commissioners and the employees of each of the Companies intending to conduct the Merger;
 - i. procedures for the settlement of rights and obligations of the absorbed Company toward third parties;
 - j. procedures for the settlement of the rights of shareholders who do not approve the Merger of the Companies;

- k. the names of members of the Board of Directors and the Board of Commissioners, and the salaries, honorarium, and allowances of the members of the Board of Directors and the Board of Commissioners of the surviving Company;
 - l. the estimated time period for conducting the Merger;
 - m. a report on the condition, development, and results achieved by each Company intending to conduct the Merger;
 - n. the main activities of every absorbed Company and the plans to conduct the Merger and changes that occurs during the current fiscal year;
 - o. details of any problems which have arisen during the current fiscal year affecting the activities of any Company intending to conduct the Merger;
- (3) After the draft Merger as referred to in paragraph (2) acquire an approval from the Board of Commissioners of each Company, then it shall be submitted to the respective RUPS to be approved.
- (4) In addition to the applicability of the provisions of this Law, certain Companies intending to conduct a Merger must first secure an approval from the relevant institutions in accordance with provisions of laws and regulations.
- (5) The provisions as referred to in paragraph (1) to paragraph (4) shall also apply to Publicly-Traded Companies unless otherwise stipulated under laws and regulations within the capital market sector.

Article 124

The provisions as referred to in Article 123 shall apply mutatis mutandis to consolidating Companies.

Article 125

- (1) An Acquisition shall be carried out by way of acquiring the shares that has been and/or about to be issued by a Company through the Board of Directors of the Company or directly from the shareholders.
- (2) An acquisition may be carried out by a legal entity or an individual person.
- (3) The Acquisition as referred to in paragraph (1) is the acquisition of shares that results in the transfer of control over the said Company.
- (4) In the event of the acquisition is conducted by a legal entity in the form of a Company, then the Board of Directors should, prior to performing the legal act of Acquisition, be based upon a RUPS resolution which meets the attendance quorum and provisions on the requirements for adopting RUPS resolutions as referred to in Article 89.
- (5) In the event of an Acquisition is conducted through the Board of Directors, then the acquiring party shall convey its intention to conduct an Acquisition to the Board of Directors of the target Company.
- (6) With approvals from the respective Boards of Commissioners, the Boards of Directors of the target Company and the acquiring Company shall draw up a draft Acquisition which at least contain:
- a. the names and places of domicile of the acquiring Company and the target Company;
 - b. the reason and explanation from the Board of Directors of the acquiring Company and the Board of Directors of the target Company;
 - c. the financial statement as referred to in Article 66 paragraph (2) letter a for the most recent fiscal year of the acquiring Company and the target Company;
 - d. procedures for the valuation and conversion of shares of the target Company against towards its share swap, if the payment of the Acquisition is conducted through shares;
 - e. the number of shares to be acquired;

- f. the readiness of funding;
 - g. the pro forma consolidated balance sheet of the acquiring Company after the Acquisition which is prepared in accordance with the accounting standards generally accepted in Indonesia;
 - h. procedures for the settlement of rights of shareholders who do not approve the Acquisition;
 - i. procedures for the settlement of statuses, rights and obligations of the members of the Board of Directors, the Board of Commissioners and employees of the target Company;
 - j. the estimated time period needed for conducting the Acquisition, including the period power of attorney to transfer shares from shareholders to the Board of Directors of the Company;
 - k. the draft amendment to the articles of association of the Company resulting from the Acquisition, if any.
- (7) In the event of the Acquisition of shares was conducted directly from shareholders, then the provisions as referred to in paragraph (5) and paragraph (6) does not apply.
- (8) The acquisition of shares as referred to in paragraph (7) should pay attention to provisions of the articles of association of the target Company as regards the transfer of rights over shares and agreements that has been made between the Company and other parties.

Article 126

- (1) The legal act of Merger, Consolidation, Acquisition or Separation shall have due regard to the interests of:
- a. the Company, minority shareholders, employees of the Company;
 - b. creditors and other business partners of the Company; and
 - c. the public and fair competition in doing business.
- (2) Shareholders who do not approve the RUPS resolution as regards the Merger, Consolidation, Acquisition or Separation as referred to in paragraph (1) may only exercise their rights as referred to in Article 62.
- (3) The exercise of rights as referred to in paragraph (2) shall not postpone the Merger, Consolidation, Acquisition or Separation process.

Article 127

- (1) A RUPS resolution as regards a Merger, Consolidation, Acquisition or Separation shall be valid if adopted in accordance with the provisions of Article 87 paragraph (1) and Article 89.
- (2) The Board of Directors of a Company which is about to conduct a Merger, Consolidation, Acquisition or Separation must publish the brief draft in at least 1 (one) Newspaper and announce it in writing to employees of the Company which is about to conduct the Merger, Consolidation, Acquisition or Separation within a maximum period of 30 (thirty) days prior to the RUPS summons.
- (3) The announcement as referred to in paragraph (2) shall also contain a notice that interested parties may acquire the draft Merger, Consolidation, Acquisition or Separation at the office of the Company from the date of the announcement to the date the RUPS is held.
- (4) Creditors may submit an objection to the Company within a maximum period of 14 (fourteen) days after the announcement as referred to in paragraph (2), as regards the draft Merger, Consolidation, Acquisition or Separation.
- (5) If creditors do not file any objection within the timeframe as referred to in paragraph (4), then creditors shall be deemed to have approved the Merger, Consolidation, Acquisition or Separation.
- (6) In the event of the objection of creditors as referred to in paragraph (4) cannot be settled by the Board

of Directors until the date the RUPS is held, then the said objection should be conveyed in the RUPS in order to obtain a settlement.

- (7) A Merger, Consolidation, Acquisition or Separation cannot be carried out as long as the settlement as referred to in paragraph 6 has not been reached.
- (8) The provisions as referred to in paragraph (2), paragraph (4), paragraph (5), paragraph (6) and paragraph (7) shall apply mutatis mutandis to an announcement for the purpose of Acquisition of shares which is conducted directly from shareholders of the Company as referred to in Article 125.

Article 128

- (1) A draft Merger, Consolidation, Acquisition or Separation plan which has been approved by the RUPS must be drawn up into a deed of Merger, Consolidation, Acquisition or Separation made before a notary in the Indonesian language.
- (2) The deed of Acquisition of shares which is conducted directly from shareholders must be stated in a notarial deed in the Indonesian language.
- (3) The deed of Consolidation as referred to in paragraph (1) shall be the basis for drawing up the deed of establishment of the Company resulting from the Consolidation.

Article 129

- (1) A copy of the deed of merger of the Company shall be enclosed to:
 - a. the submission of an application to secure approval from the Minister as referred to in Article 21 paragraph (1); or
 - b. the conveyance of a notification as regards the amendment to the articles of association as referred to in Article 21 paragraph (3) to the Minister.
- (2) In the event of the Merger of Companies is not accompanied by an amendment to the articles of association, then a copy of the deed of Merger shall be submitted to the Minister to be recorded in the Company registry.

Article 130

A copy of the deed of Consolidation shall be enclosed when submitting an application to secure a Decree of the Minister as regards the validation of the legal entity status of the Company resulting from the Consolidation as referred to in Article 7 paragraph (4).

Article 131

- (1) A copy of the deed of Acquisition of the Company must be enclosed when submitting to the notification provided to the Minister regarding amendments to the articles of association as referred to in Article 21 paragraph (3).
- (2) If the Acquisition of shares is carried out directly from the shareholders, a copy of the deed of transfer of rights over shares must be attached to the notification provided to the Minister on the amendments to the composition of shareholders.

Article 132

The provisions set out in Articles 29 and 30 also apply to a Merger, Consolidation, Acquisition or Separation.

Article 133

- (1) The Board of Directors of the surviving Company or the Board of Directors of the Company resulting from Consolidation must publish the result of the Merger or the Consolidation in 1 (one) or more Newspaper, within at the latest in 30 (thirty) days as of the effective date of the Merger or Consolidation.
- (2) The provision as set out in paragraph (1) shall also apply to the Board of Directors of the Company the shares of which are acquired.

Article 134

Further provisions on Mergers, Consolidations, Acquisitions or Separation will be regulated by Government Regulations.

Article 135

- (1) A Separation may be carried out by way of:
 - a. Pure Separation; or
 - b. Non-pure Separation (spinoff).
- (2) Pure Separation as referred to in paragraph (2) a. above results in the transfer by law of all the Company's assets and liabilities to 2 (two) or more other Companies, receiving the transfer and the segregated Company is dissolved by the operation of law.
- (3) Non-pure Separation (spinoff) as referred to in paragraph (2) b. above results in the transfer by law of some part of the Company's assets and liabilities to 1 (one) or more other Companies receiving the transfer and the segregated Company continues in existence.

Article 136

Further provisions on Separation will be regulated by Government Regulations.

Article 137

The provisions as set out in Chapter VIII will also apply to Publicly-Traded Companies, unless stipulated otherwise by the prevailing capital markets legislation.

CHAPTER IX
INVESTIGATION OF A COMPANY**Article 138**

- (1) The investigation of a Company may be carried out with the purpose of obtaining data or information if there is a suspicion that:
 - a. the Company has committed an unlawful act which harms the shareholders or third parties; or
 - b. a member of the Board of Directors or the Board of Commissioners has committed an unlawful act which harms the Company or the shareholders or third parties.
- (2) The investigation as referred to in paragraph (1) must be carried out by way of filing a written application together with the reasons for it in the district court with jurisdiction over the Company's place of domicile.

- (3) The application as referred to in paragraph (2) may be submitted by:
 - a. 1 (one) or more shareholder representing at least 1/10 (one-tenth) of the total shares with valid voting rights;
 - b. other parties which under the prevailing laws and regulations, the articles of association of the Company or an agreement with the Company are authorized to submit an application for an investigation; or
 - c. the public prosecutor's office, in the public interest .
- (4) The application as referred to in paragraph (3) a. is submitted after the applicant has first applied to the Company in a RUPS for the data or information but the Company has not provided the requested data or information.
- (5) The application for Company data or information or for an investigation to obtain the data or information must be based on reasonable grounds and be submitted in good faith.
- (6) The provisions as set out in paragraph (2), paragraph (3) a. above, and paragraph (4) above will not preclude the possibility of capital markets legislation providing otherwise.

Article 139

- (1) The chair of the district court may reject or approve the application referred to in Article 138.
- (2) The chair of the district court as referred to in paragraph (1) will reject the application if it is not based on reasonable grounds and/or is not made in good faith.
- (3) If the request is approved, the chair of the district court shall issue an order for the investigation and appointment of not more than 3 (three) experts to carry out the investigation for the purpose of obtaining the required data or information.
- (4) No member of the Board of Directors, Board of Commissioners, employee or public accountant appointed by the Company may be appointed as an expert as referred to in paragraph (3).
- (5) The experts as referred to in paragraph (3) shall be entitled to examine all documents and assets of the Company deemed necessary by the experts so that they become known.
- (6) All the members of the Board of Directors, Board of Commissioners, and all the employees of the Company must provide all the information needed for the investigation.
- (7) The experts as referred to in paragraph (3) shall be required to maintain the confidentiality of the results of the investigation.

Article 140

- (1) A report containing the results of the investigation must be submitted by the experts as referred to in Article 139 to the chair of the district court within the period stipulated in the court order for the investigation which must be no later than 90 (ninety) days as of the date of the appointment of the experts.
- (2) The chair of the district court shall provide a copy of the report containing the results of the investigation to the applicant and the relevant Company at the latest 14 (fourteen) days as of the date on which the report containing the results of the investigation is received.

Article 141

- (1) If the application for an investigation is approved, the chair of the district court shall determine the maximum amount of the investigation costs.
- (2) The investigation costs as referred to in paragraph (1) must be paid by the Company.

- (3) At the request of the Company, the chair of the district court may order the reimbursement of all or part of the investigation costs as referred to in paragraph (2) to the applicant, the members of the Board of Directors, and/or the Board of Commissioners.

CHAPTER X

DISSOLUTION, LIQUIDATION, AND EXPIRATION OF THE COMPANY'S LEGAL ENTITY STATUS

Article 142

- (1) A Company shall be dissolved for the following reasons:
- based on a RUPS resolution;
 - due to the expiry of its duration of establishment as set out under the articles of association;
 - based on a court order;
 - by the revocation of its bankruptcy status through a commercial court order having permanent and binding legal force, the Company's bankruptcy assets being insufficient to settle the bankruptcy costs;
 - the bankruptcy assets of a Company declared bankrupt, are in a state of insolvency as set out under the Law on Bankruptcy and Suspension of Payment Obligations; or
 - due to the revocation of the Company's business license, the Company is required to carry out its liquidation in accordance with the laws and regulations.
- (2) In the event of a Company is dissolved as referred to in paragraph (1),
- it must be followed by liquidation performed by a liquidator or receiver; and
 - the Company may not perform any legal act, unless required for the settlement of all the company's matters in respect of the liquidation;
- (3) In the event of the dissolution is based on a RUPS resolution; the expiry of its duration of establishment as set out under the articles of association or the revocation of its bankruptcy status through a commercial court order and the RUPS does not appoint a liquidator, the Board of Directors shall act as the liquidators.
- (4) In the event of a Company is dissolved by the revocation of its bankruptcy status as referred to in paragraph (1) b., the commercial court must also order the discharge of the receiver with due observance of the provisions of the Law on Bankruptcy and Suspension of Payment Obligations.
- (5) In the event of the provisions as set out in paragraph (2) b. above are contravened, members of the board of Directors, the Board of Commissioners, and the Company shall be held jointly and severally liable.
- (6) The provisions regarding the appointment, temporary suspension, discharge, authority, duties, liabilities and oversight of the Board of Directors shall apply mutatis mutandis to the liquidator.

Article 143

- (1) The dissolution of a Company shall not cause the Company to lose its legal entity status until the liquidation process has been completed and the discharging of the liquidator's responsibilities has been acknowledged by the RUPS or the court.
- (2) As of its dissolution, each outgoing letter of the Company must bear the wording "in liquidation" after the Company's name.

Article 144

- (1) The Board of Directors, the Board of Commissioners, or 1 (one) or more shareholders representing at least 1/10 (one-tenth) of the total shares with voting rights, may submit a proposal for the dissolution of the Company to the RUPS.
- (2) The RUPS resolution on the dissolution of the Company shall be valid if adopted in accordance with the provisions set out in Article 87 paragraph (1) and Article 89.
- (3) The dissolution of the Company shall commence at the time stipulated in the RUPS resolution.

Article 145

- (1) The dissolution of a Company shall occur by law upon the expiration of the Company's duration of establishment as set out under the articles of association.
- (2) Within at the latest 30 (thirty) days after the expiration of the Company's duration of establishment, the RUPS must appoint a liquidator.
- (3) The Board of Directors must not perform any new legal act on behalf of the Company after the expiration of the Company's duration of establishment as set out under the articles of association.

Article 146

- (1) The district court may dissolve a company at:
 - a. the request of the public prosecutor's office on the grounds that the Company has violated the public interest or the Company has committed an act in breach of the laws and regulations;
 - b. the request of interested parties on the grounds that there are legal flaws in the Company's deed of establishment;
 - c. the request of the shareholders, the Board of Directors or the Board of Commissioners on the grounds that the Company is not in a condition to continue its operations.
- (2) The court order must include the appointment of a liquidator.

Article 147

- (1) At the latest 30 (thirty) days as of the date of the dissolution of the Company, the liquidators must notify:
 - a. all creditors of the dissolution of the Company by announcing the dissolution of the Company in the Newspapers and the State Gazette of the Republic of Indonesia; and
 - b. the Minister of the dissolution of the Company for it to be recorded in the company register that the Company is in liquidation.
- (2) The announcement to the creditors in the Newspaper and the State Gazette of the Republic of Indonesia as referred to in paragraph (1) a. must contain:
 - a. the dissolution of the Company and its legal basis;
 - b. the name and address of the liquidator;
 - c. the procedure for submitting claims; and
 - d. the time limit for submitting the claims.
- (3) The time limit for submitting claims as referred to in paragraph (2) d. above shall be 60 (sixty) days as of the date of the announcement as referred to in paragraph (1).
- (4) The notification to the Minister as referred to in paragraph (1) b. above must be accompanied by the

following evidence:

- a. the legal basis for the dissolution of the Company; and
- b. the notification to the creditors published in the Newspaper as referred to in paragraph (1) a. above.

Article 148

- (1) In the event of the notification to creditors and the Minister as referred to in Article 147 has not been provided, the dissolution of the Company shall not be effective for third parties.
- (2) In the event of the liquidator has neglected to provide the notifications as referred to in paragraph (1), the liquidator shall be held jointly and severally liable with the Company for any losses suffered by third parties.

Article 149

- (1) The duties of a liquidator in the settlement of the assets of a Company in the liquidation process shall cover:
 - a. recording and collecting the assets and debts of the Company;
 - b. publishing the plan for the distribution of assets resulting from the liquidation in the Newspapers and the State Gazette of the Republic of Indonesia;
 - c. making payments to creditors;
 - d. making payments from the remaining liquidation assets to the shareholders; and
 - e. other acts required for the settlement of the assets.
- (2) In the event of the liquidator estimates that the Company's debts are greater than the Company's assets, the liquidator is required to apply for the Company to be declared bankrupt, unless the prevailing laws and regulations provide otherwise, and all creditors whose identities and addresses are known, agree to settle outside of bankruptcy.
- (3) Creditors may submit objections to the plan to distribute the assets resulting from liquidation at the latest within 60 (sixty) days as of the date of the announcement as referred to in paragraph (1) b.
- (4) In the event of an objection submitted as referred to in paragraph (3) is rejected by the liquidator, the creditors may file a lawsuit in the district court at the latest within 60 (sixty) days as of the date of the rejection.

Article 150

- (1) Creditors who file their claims within the period as referred to in Article 147 paragraph (3), and subsequently are denied by the liquidators, may file a lawsuit in the district court at the latest 60 (sixty) days as of the date of rejection.
- (2) Creditors who have not filed their claims, may file their claims in the district court within a period of 2 (two) years as of the date on which the dissolution of the Company is announced as referred to in Article 147 paragraph (1).
- (3) Claims of creditors as referred to in paragraph (2) may be filed if liquidation assets remain and have been allocated to the shareholders.
- (4) If the remaining liquidation assets have been distributed to the shareholders and there is a creditor's claim as referred to in paragraph (2), the district court will order the liquidator to recover the remaining liquidation assets that have been distributed to the shareholders.
- (5) The shareholders must return the remaining liquidation assets as referred to in paragraph (4) in the

same proportion as the amount they received to the total amount of the claim.

Article 151

- (1) In the event of the liquidator is unable to perform his duties as referred to in Article 149, at the request of the interested parties or at the request of the public prosecutor's office, the chair of the district court may appoint a new liquidator and dismiss the previous liquidator.
- (2) The discharge of the liquidator as referred to in paragraph (1) shall be done after the relevant person has been summoned for a hearing.

Article 152

- (1) The liquidator shall be responsible to the RUPS or to the court that appointed him/her for carrying out the liquidation of the Company.
- (2) The receiver shall be responsible to the supervisory judge for carrying out the liquidation of the Company.
- (3) The liquidator must notify the Minister and publish the final results of the liquidation process in the Newspaper after the RUPS has discharged and acquitted the liquidator or after the court accepts the accountability report of the liquidator appointed by it.
- (4) The provisions set out in paragraph (3) shall also apply to a receiver whose accountability report has been accepted by the supervisory judge.
- (5) The Minister shall record the expiration of the Company's legal entity status and remove the Company's name from the Companies Registry, after the provisions as set out in paragraph (3) and paragraph (4) have been met.
- (6) The provisions as set out in paragraph (5) shall also apply to the expiration of a Company's legal entity status due to a Merger, Consolidation, or Separation.
- (7) The notification and announcement as referred to in paragraph (3) and paragraph (4) above must be made within 30 (thirty) days at the latest as of the date upon which the accountability report of the liquidator or the receiver is accepted by the RUPS, the court or the supervisory judge.
- (8) The Minister shall announce the expiration of the Company's legal entity status in the State Gazette of the Republic of Indonesia.

CHAPTER X COSTS

Article 153

Provisions regarding costs for:

- a. obtaining approval to use a Company's name;
- b. obtaining a decree on the validation of a Company's legal entity status;
- c. obtaining a decree approving an amendment to the articles of association;
- d. obtaining information about a Company's data in the Company Registry;
- e. obligatory publication under this Law in the State Gazette of the Republic of Indonesia and the Supplement to the State Gazette of the Republic of Indonesia; and.
- f. obtaining a copy of the Minister's Decree regarding the validation of a Company's legal entity status or approval of amendments to the articles of association.

will be regulated by Government Regulations.

CHAPTER XII MISCELLANEOUS

Article 154

- (1) The provisions of this Law apply to Publicly-Traded Companies if not provided otherwise in capital market regulations.
- (2) The capital market regulations that provide any exceptions to the provisions of this Law must not conflict with the legal principles regarding Companies under this Law.

Article 155

The provisions on the liabilities of the Board of Directors and/or Board of Commissioners regarding their being at fault or negligent as set out in this Law are without prejudice to the provisions set out in the Penal Law.

Article 156

- (1) In the framework of implementing and developing this Law, a team of experts to monitor the company law will be established.
- (2) Members of the team as referred to in paragraph (1) will consist of elements from the following:
 - a. the government;
 - b. experts/academics;
 - c. the professions; and
 - d. entrepreneurs.
- (3) The expert team is authorized to review the deeds of establishment and amendments to the articles of association obtained at the team's own initiative, or at the request of any relevant parties, and to provide their opinions on the results of their review to the Minister.
- (4) Further provisions on the authority, organizational structure and working procedures of the expert team will be regulated by a Ministerial Regulations.

CHAPTER XIII TRANSITIONAL PROVISION

Article 157

- (1) The Articles of Association of Companies that have obtained legal entity status or amendments to articles of association which have been approved by or reported to the Minister and registered in the company register before this Law comes into effect, will remain valid if they are not contrary to this Law.
- (2) The Articles of Association of Companies that have not obtained legal entity status or amendments to articles of association which have not been approved by or reported to the Minister at the time this Law came into effect, must be adjusted to the provisions of this Law.
- (3) Companies that have obtained legal entity status under the laws and regulations must adjust their

articles of association to the provisions of this Law, within a period of 1 (one) year as from the time this Law comes into effect.

- (4) A Company that does not adjust its articles of association within the period as referred to in paragraph (3) may be dissolved by a decision of the district court at the request of the public prosecutor's office or a party concerned.

Article 158

At the time this Law comes into force, Companies that does not comply with the provision as referred to in Article 36 must make an adjustment with the provisions of this Law within a period of 1 (one) year.

CHAPTER XIV CLOSING PROVISION

Article 159

The implementing regulations of Law Number 1 of 1995 on Limited-Liability Companies shall remain valid so long as they are not contrary to or have not been replaced by new regulations in accordance with this Law.

Article 160

At the time this Law comes into force, Law Number 1 of 1995 on Limited-Liability Companies (State Gazette of the Republic of Indonesia of 1995 Number 13, Supplement to the State Gazette of the Republic of Indonesia Number 3587) is repealed and declared invalid.

Article 161

This Law comes into force from the date of its promulgation.

For public cognizance, it is hereby ordered that this Law be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta,

On 16 August 2007

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed.

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta,

On 16 August 2007

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

signed.

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2007 NUMBER 106

**ELUCIDATION OF
LAW OF THE REPUBLIC OF INDONESIA
NUMBER 40 OF 2007
ON
LIMITED-LIABILITY COMPANIES**

I. GENERAL

National economic development carried out on the basis of economic democracy according to the principles of togetherness, justice-based efficiency, sustainability, the environmental perspective, independence as well as preservation of the balance of the national economy's growth and unity aims to achieve the prosperity of the people. The increase in national economic development needs to be supported by a law on limited liability companies to assure a conducive business environment. The law regarding limited liability companies was previously regulated by Law Number 1 of 1995 regarding Limited Liability Companies, replacing legislation which originated from the colonial era. However, given current development, the provisions of the previous law are deemed to no longer conform to developments in the law and the public's needs due to the rapid growth of economy, technology and information especially in the era of globalization. In addition, the increase in the public's demand for fast service, legal certainty and the increase in the business community according to the principles of good corporate governance require the improvement of Law Number 1 of 1995 regarding Limited Liability Companies.

Law Number 40 of 2007 accommodates various provisions regarding companies whether by the addition of new provisions, improvement, perfection or preservation of previous provisions deemed to remain relevant. In order to further clarify the nature of limited liability companies, this Law confirms that a limited liability company is a legal entity of an capital association, established by virtue of an agreement, to undertake business activities, which has authorized capital divided entirely into shares and complies with the requirements stipulated in this Law and its implementing regulations.

In the framework of fulfilling the public's demand for fast service, this Law stipulates procedures for:

1. submitting applications for and the granting of validation of legal entity status;
2. submitting applications for and the notification of approval of amendments to the articles of association;
3. conveying and receiving notification of amendments to the articles of association and/or other changes to information (data),

by means of the information technology services of the administration of legal entities system, despite the possibility of continuing to use a manual system under certain circumstances.

In connection with the application for the validation of a Company's legal entity status, the Law confirms that the right to submit the application lies with the founder(s) collectively, and can be exercised on their own or delegated to a notary.

The deed of establishment of the Company which has been legalized and information (data) regarding amendments to the articles of association which have been approved and/or notified to the Minister are registered in the company register and published in the Supplement to the State Gazette by the Minister. The requirement in this Law concerning the granting of legal entity status, approval and/or receipt of notification of amendments to the articles of association and other information (data) on amendments is not related to the Law on the Registration of Companies.

In order to further clarify and confirm the provisions concerning Company Organs, this Law modifies the provisions on the arrangement of General Meetings of Shareholders (RUPS) by making use of technological developments. Accordingly, the RUPS can be held by means of electronic media, such as teleconferencing, video-conferencing or the use of other electronic media devices.

This Law also clarifies and confirms the duties and responsibilities of the Board of Directors and Board of Commissioners. The Law also provides rules on independent and delegate commissioners.

In line with developments in sharia-based business activities, the Law requires Company undertaking business activities on the basis of Sharia principles to have a Sharia Supervisory Board in addition to a Board of Commissioners. The duties of the Sharia Supervisory Board are to give advice and recommendations to the Board of Directors and oversee the activities of the Company so as to keep it in line with Sharia principles.

In this Law, the provision on the capital structure of a Company remains unchanged, namely consisting of authorized capital, issued capital and paid-up capital. However, the amount of the authorized capital of a company has changed to become at least Rp.50,000,000.00 (fifty million rupiahs), while the issued capital must be paid up in full. In principle, a Company can still re-purchase the shares it issues but the Company can only hold the shares for no longer than 3 (three) years. With regard to the use of profit, the Law confirms that a Company can distribute profits and set aside compulsory reserves if the Company has a positive balance.

The Law provides for Corporate Social and Environmental Responsibility with a view to realizing sustainable economic development to enhance the quality of life and the environment which is beneficial to the Company, local communities and the public in general. This requirement is intended to support the establishment of a harmonious and balanced relationship between the Company and the environment, the values, norms and culture of local communities which is suitable to them, such that a Company whose business activities are in the field of and/or related to natural resources must implement Corporate Social and Environmental Responsibility. In order to implement this obligation, activities related to Corporate Social and Environmental Responsibility must be budgeted and accounted for as a corporate cost, while adhering to the principles of fairness and appropriateness. These activities must be included in the annual report of the Company. If a Company does not implement Corporate Social and Environmental Responsibility, the Company will be liable to the sanctions provided in the prevailing laws and regulations.

The Law confirms the provisions on the dissolution, liquidation and termination of the Company's legal entity status with due observance of the provisions in the Law on Bankruptcy and Suspension of Payment Obligations.

In the framework of implementing and developing this Law, a company law monitoring team will be established with the duty of providing input to the Minister with regard to the Company. To assure the credibility of the team, members of the team will comprise various elements of the government, experts/academics, professions and business communities.

With a comprehensive ruling on various aspects of the Company, this Law is expected to meet the public's demand for law and provide better legal certainty, especially for the business community.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Paragraph (1)

The provision of this paragraph confirms the nature of a Company whereby the liability of shareholders

is limited to payment for all their shares and does not include their personal assets.

Paragraph (2)

In certain cases, it is possible that the limited liability nature ceases to exist if matters referred to in this paragraph are proved.

The limited liability of shareholders ceases to exist if it is proved that, among other things, the personal assets of the shareholders are mixed with the assets of the Company, such that the Company is established merely as a means for the shareholders to fulfill their personal purposes as meant in item b. and item d.

Article 4

The enactment of this Law, the articles of association of a Company and provisions of other laws and regulations must not reduce the obligation of the Company to abide by the principles of goodwill, appropriateness, fairness and good corporate governance in the operations of the Company.

The 'provisions of other laws and regulations' mean all regulations relating to the existence and operations of a Company, including the implementing regulations, and among others, regulations pertaining to banking, insurance and financial institutions.

If the provisions of the articles of association contradict this Law, the provisions of this Law shall apply.

Article 5

The place of domicile of a Company also serves as the head office of the Company.

The Company must have an address according to its place of domicile which must be described in, among others, its correspondence and the Company must be contactable at this address.

Article 6

If a Company is established for a definite duration, the duration must be clearly stated, e.g. 10 (ten) years, 20 (twenty) years, 35 (thirty five) years, etc. The same also applies if the Company is established for an indefinite duration; this description must be clearly provided in the articles of association.

Article 7

Paragraph (1)

'Persons' mean individuals, either Indonesian or foreign citizens or Indonesian or foreign legal entities.

The provision of this paragraph confirms the applicable principles under this Law that as a legal entity, a Company is established by virtue of an agreement such that it has more than 1 (one) shareholder.

Paragraph (2)

Self-explanatory.

Paragraph (3)

In the case of consolidation, all the assets and liabilities of the consolidating companies will be included into the capital of the Company resulting from the consolidation and founder(s) will not subscribe for shares; so that the shareholders of the Company resulting from the consolidation are the consolidating companies and the shareholders of the Company resulting from the consolidation are the shareholders of the consolidating companies.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Contracts and losses of the Company which constitute the personal liability of the shareholders are contracts and losses occurring after the six-month period elapses.

'Interested parties' means prosecutors in the case of public interests, shareholders, the Board of Directors, the Board of Commissioners, employees of the Company, creditors and/or other stakeholders.

Paragraph (7)

Due to their specific status and nature, the requirements for the number of founder(s) of these Companies as referred to in this paragraph are to be regulated in a separate regulation.

Letter a

'Persero' is a state-owned enterprise in the form of a limited liability company whose capital is divided into shares and is regulated by the Law regarding State-Owned Enterprises.

Letter b

Self-explanatory.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

In the establishment of a Company, the citizenship of founder(s) must be clearly specified. Basically, Indonesia's legal entities in the form of a limited liability company are established by Indonesian citizens or Indonesian legal entities. However, foreign citizens or legal entities are given the opportunity to establish Indonesian legal entities in the form of a limited-liability company provided that it is permissible under the law regulating the business line of the Company, or the establishment of the Company is regulated by a specific law.

If the founder(s) are foreign legal entities, the number and date of the legal entity's approval of the founder(s) is a document of the same kind, such as a certificate of incorporation.

If the founder(s) are state or regional legal entities, a Government Regulation regarding the participation of the state or region in the Company is needed.

Letter b

Self-explanatory.

Letter c

'Subscribed shares' means the number of shares subscribed by the shareholders at the establishment of the Company.

In the case of a remittance (payment) exceeding the par value such that it causes a difference between the value of the actual payment and the par value, the difference is recorded in the financial statement as a premium.

Paragraph (3)

Self-explanatory.

Article 9

Paragraph (1)

'Information technology services of the administration of legal entities' are types of service provided to the public for the validation of a Company as a legal entity.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'immediately' means at the same time as the submitted application is received.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

'Electronic signature' is a signature affixed or attached to the electronic data by the authorized official proving the authenticity of the data in the form of an electronic picture of the authorized official's signature, which is made through computer media.

Paragraph (7)

See the elucidation of paragraph (3).

Paragraph (8)

The application referred to in this paragraph is not subject to additional costs.

Paragraph (9)

Self-explanatory.

Paragraph (10)

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Paragraph (1)

'Legal act' means, among others, a legal act performed by a nominated founder with another party, which will be considered against the ownership and payment of shares of the nominated founder in the Company.

Paragraph (2)

'Affixed' means unification of documents by way of affixing or tailoring the documents as an integral part of the deed of establishment.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 13

Paragraph (1)

The provision of this paragraph provides the procedures needed for transferring to the Company the rights and/or obligations of the founder(s) arising from their legal acts prior to the establishment of the Company through a specific acceptance or take over of rights and obligations arising from the legal acts.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 14

Paragraph (1)

A 'legal act on behalf of the Company' is a legal act specifying the Company as a party or an interested party in the legal act.

The provision is intended to confirm that members of the Board of Directors cannot perform legal acts on behalf of a Company which does not yet have its legal entity status, without the approval of all the founder(s), other members of the Board of Directors and the Board of Commissioners.

Paragraph (2)

'The liability of the founder and do not bind the Company' means the liability of the founder performing the act personally and the Company is not responsible for the legal act of the founder.

Paragraph (3)

Self-explanatory.

Paragraph (4)

'Attended' means attended in person or represented by a power of attorney.

Paragraph (5)

Self-explanatory.

Article 15

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

See the elucidation of Article 6.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

'The procedures for appointing' means the procedures for selection, among others, oral selection or by sealed letter and selection of a candidate individually or as a package.

Letter i

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

If the abbreviation 'Tbk' is not used, the Company is a closed company.

Paragraph (4)

Self-explanatory.

Article 17

Paragraph (1)

The provision of paragraph (1) does not prevent a Company having its place of domicile in a village or sub-district provided that the articles of association specify the name of the city or regency of the village or sub-district. For example, PT A is domiciled in Bojongsari Village, Pandaan Sub-District, Pasuruan Regency.

Paragraph (2)

Self-explanatory.

Article 18

The purposes and objectives must be the core business of the Company.

Business activities must be the activities conducted by the Company in the framework of achieving its purposes and objectives, which must be clearly stated in the articles of association, and the details must not contradict the articles of association.

Article 19

Self-explanatory.

Article 20

Paragraph (1)

Approval from the receiver must be obtained for a resolution to amend the articles of association to be passed. This is meant to avoid the possibility of disapproval of the receiver, thus causing the resolution on the amendment to the articles of association to be nullified.

Paragraph (2)

Self-explanatory.

Article 21

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

See elucidation on Article 6

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

The amendment to the articles of association on the status of the Company from that of a private Company to a Publicly-Traded Company , or vice versa, covers the amendment to all the provisions of the articles of association so that the approval from the Minister is granted for the amendment of all the articles of association.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

“Amendments must be stated in a notarial deed” means they must be in the form of a deed of statement of resolutions of the meeting or a deed of amendments to the articles of association.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

In the event of the application is still submitted, the Minister must reject the application or notification.

Article 22

Paragraph (1)

The provision in this paragraph shall not prejudice the provision as meant in Article 21 paragraph (7).

For example:

A limited liability company is established for 50 (fifty) years and will expire on November 15, 2007, in accordance with the provision as referred to in Article 22 paragraph (1) if the duration of the Company's establishment will be extended, an application for approval of the amendment to the articles of association regarding the extension of the duration must have been submitted to the Minister not later than by September 15, 2007.

If the RUPS made a resolution to extend the duration on August 1, 2007 and this was stated in a Notarial deed on August 7, 2007, the application must have been submitted to the Minister by not later than September 7, 2007.

If the RUPS for the extension of the duration was held on August 20, 2007, the extension of the duration must be stated in the Notarial deed and the application must have been submitted to the Minister by not later than September 15, 2007 in accordance with the provision of Article 22 paragraph (1).

Paragraph (2)

Self-explanatory.

Article 23

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

“This law provides otherwise” means, among other things, as meant in Article 25 and Article 26 of this law providing the requirements which must be fulfilled before the effectiveness of the Minister’s decree or the later date determined in a Minister’s Decree, containing delay requirements, which must be fulfilled first or by the later date.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Letter a

Self-explanatory.

Letter b

“The later date stipulated” means the date after the date of the approval from the Minister.

Letter c

“The later date stipulated in a deed of Merger or Acquisition” means the date already agreed by the parties and the date after the date of receipt of the notification of the amendment to the articles of association by the Minister.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

“Amendments to a Company’s data” means, among other things, data about the transfer of rights to shares, replacement of members of the Board of Directors and Board of Commissioners, dissolution of the Company.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 30

Self-explanatory.

Article 31

Self-explanatory.

Article 32

Paragraph (1)

Self-explanatory.

Paragraph (2)

“Certain business activities” means, among other things, banking, insurance or freight forwarding businesses.

Paragraph (3)

The provision of this paragraph is needed to anticipate changes in economic conditions.

Article 33

Paragraph (1)

Self-explanatory.

Paragraph (2)

“Valid evidence of payment” means, among other things, evidence of payments made by the shareholders into a bank account in the name of the Company, data from the financial statement already audited by an accountant, or a Company’s balance sheet signed by the Board of Directors and

the Board of Commissioners.

Paragraph (3)

This provision affirms that the payment of shares must not be realized by means of installments.

Article 34

Paragraph (1)

In general, shares must be paid for in money. However, it is possible for shares to be paid for in other forms of either tangible or intangible goods, which can be valued in money and actually received by the Company. Payment for shares in forms other than money must be accompanied by details stating the value or price, kind, status, place of domicile and other data deemed necessary for clarity of the payment.

Paragraph (2)

The fair value of the payment for the share capital is determined according to the market value. If the market value is not available, the fair value is determined on the basis of an evaluation technique which is most suitable to the nature of the payment, according to the relevant and best information.

“Non-affiliated expert” means an expert not having:

- a. a family relationship by marriage or descendent up to the second degree, horizontally or vertically, with employees, any members of the Board of Directors, Board of Commissioners or shareholders of the Company;
- b. a relationship with the Company due to similarity of one or more members of the Board of Directors or Board of Commissioners;
- c. a controlling relationship with the Company, directly or indirectly; and/or
- d. shares in the Company amounting to 20% (twenty percent) or more.

Paragraph (3)

The announcement of the payment for shares in the form of intangible goods in a newspaper is intended to make it known publicly and provide an opportunity to an interested party to raise his/her objection to the delivery of the goods as a share capital remittance, e.g. the goods are known not to belong to the payer.

Article 35

Paragraph (1)

Approval from the RUPS as meant in this paragraph is needed to affirm that compensation only can be realized with approval from the RUPS because, by the approval of the compensation, a preemptive right of other shareholders to acquire new shares is automatically relinquished.

Paragraph (2)

According to the provision of this paragraph, interests and fines which are already owed but due because the company has not actually received them, cannot be compensated for by payment in shares.

Letter a

Self-explanatory.

Letter b

What is intended in this provision is that the parties becoming guarantors or underwriters of the Company's debt have paid in full the company's debt so that they have the collecting rights of

the Company.

Letter c

This provision refers to the obligation to pay debts by the Company in its position as a guarantor or underwriter becoming null and the collecting right of a creditor is compensated for with payment in shares issued by the Company.

Paragraph (3)

Self-explanatory.

Article 36

Paragraph (1)

In principle, the issuance of shares is an effort to accumulate capital so that the obligation to pay shares should be charged to another party. For certainty, this article stipulates that the Company must not issue shares to be owned by itself.

The prohibition also includes cross holding, which occurs if the Company has shares issued by other Companies having shares in the Company directly or indirectly.

Direct cross holding means the first Company has shares in the second company without ownership in one or more "intermediate companies" and conversely, the second Company has shares in the first Company.

Indirect cross holding means the ownership of the first Company of shares in the second Company through ownership in one or more "intermediate Companies" and conversely the second Company has shares in the first Company.

Paragraph (2)

Share ownership causing share ownership by the Company itself or share ownership by cross holding is not prohibited if the share ownership is obtained on the basis of the transfer by law, grant or testament because there is no share issuance requiring payment of funds from the other party so that it does not violate the prohibiting provision as meant in paragraph (1).

Paragraph (3)

Self-explanatory.

Paragraph (4)

A "securities company" means a company as meant in the Investment Law.

Article 37

Paragraph (1)

A repurchase of the company's shares does not cause a reduction in capital, unless the shares are withdrawn again.

Letter a

"Net assets" means all a Company's assets minus all the Company's liabilities in accordance with the latest financial statement ratified by the RUPS in the last 6 (six) months.

Letter b

Self-explanatory.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

The provision of the three-year period in this paragraph is intended to enable the Company to determine whether the shares will be sold or taken back by means of a capital reduction.

Article 38

Self-explanatory.

Article 39

Paragraph (1)

"The implementation" means stipulation of the time, share repurchase mechanism and the total shares to be repurchased, excluding issues which become the duties of the Board of Directors in repurchasing shares, such as making payments, keeping share certificates and recording them in the register of shareholders.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Paragraph (1)

"A company's capital" means its authorized capital, issued capital and paid-up capital.

Paragraph (2)

"The implementation" in this paragraph means the stipulation of the time, the mechanism for and the total increase in the capital not exceeding the maximum limits stipulated by the RUPS, excluding issues which become the duties of the Board of Directors in increasing shares, such as receiving payments for shares and recording them in the register of shareholders.

Paragraph (3)

Self-explanatory.

Article 42

Paragraph (1)

Self-explanatory.

Paragraph (2)

"The total number of shares having valid voting rights" means the quantity of all voting shares already issued by the Company.

“Unless a greater number is required by the articles of association” means the quorum stipulated in the articles of association is higher than the quorum stipulated in this paragraph.

Paragraph (3)

Self-explanatory.

Article 43

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

“Shares offered to the Company’s employees” means, among other things, shares issued in the framework of an employee stock option program (ESOP) of the Company with all the rights and obligations attached to the shares.

Letter b

Self-explanatory.

Letter c

“Re-organization and/or restructuring” means, among other things, a merger, consolidation, acquisition, or compensation for receivables or Separation.

Paragraph (4)

“The fourteen-day period” includes the period for shareholders to acquire shares from other shareholders not using their rights.

Article 44

Paragraph (1)

“to reduce the Company’s capital ” means a reduction in the authorized capital, issued capital and paid-up capital.

The issued and paid-up capital can be reduced by means of redeeming shares already issued for cancellation or by lowering the par value of shares.

Paragraph (2)

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Paragraph (1)

“Redemption of shares” means that the shares are withdrawn from circulation for the reduction in the issued capital and paid-up capital.

Paragraph (2)

A redemption of shares is a redemption of shares which causes the shares to be taken out of circulation

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 48

Paragraph (1)

What is meant by this provision is that the Company is only permitted to issue shares to the owners, and the Company may not issue bearer shares.

Paragraph (2)

The relevant authorities are the agencies which according to the law are authorized to oversee Company business activities in a certain field; for example Bank Indonesia is authorized to oversee companies in the banking sector, the Minister of Energy and Minerals is authorized to oversee companies in the energy and mining sector.

Paragraph (3)

‘May not exercise their rights as shareholders’, refers to rights such as the right to be registered in the shareholders register, the right to attend and to vote in the RUPS, or the right to receive a dividend.

Article 49

Self-explanatory.

Article 50

Paragraph (1)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

The amount paid up must be at least the same as the total par value of the shares.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Paragraph (2)

“A special register” means one of the sources of information regarding the share ownership and interests of members of the Board of Directors and Board of Commissioners of the Company in the relevant Company or in any other Company, so that any possibility of conflict of interest can be minimized.

Family members are wives or husbands and their children.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

‘Unless otherwise provided’ does not mean that a Publicly-Traded Company is not obligated to prepare a shareholders register and special register, but the prevailing laws and regulation on capital markets can determine the criteria for information which must be included in the shareholders register and special register.

Article 51

The type of evidence of share ownership is to be determined in the Articles of Association according to the need.

Article 52

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

According to this provision, shareholders are not permitted to divide the rights of one share at will.

Paragraph (5)

Self-explanatory.

Article 53

Paragraph (1)

A classification of Shares is a classification of shares based on shared nature.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Common shares are shares that have voting rights to adopt resolutions in the RUPS regarding all

matters related to management of the Company, the right to receive dividends and receive assets remaining after liquidation.

The voting rights possessed by holders of common shares can also be possessed by holders of other classifications of shares.

Paragraph (4)

The various classifications of shares do not always show that the classifications are independent, separate from one another, but can be a combination of 2 (two) or more classifications of shares.

Article 54

Paragraph (1)

A fraction of a share is only possible if it is regulated in the articles of association.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 55

Self-explanatory.

Article 56

Paragraph (1)

"A deed" means either a deed made before a notary or a privately made deed.

Paragraph (2)

Self-explanatory.

Paragraph (3)

"Notify the Minister of a change in the composition of shareholders", includes notification of a change in the composition of shareholders as a result of an inheritance, Acquisition or Separation.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 57

Paragraph (1)

Self-explanatory

Paragraph (2)

"Transfer of rights by law" includes, among others, the transfer of rights as a result of an inheritance or a Merger, Consolidation or Separation.

Article 58

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “applicable 1 time (once) only” is that the articles of association of the Company cannot include a requirement to offer shares more than once before offering the shares to a third party.

Article 59

Self-explanatory.

Article 60

Paragraph (1)

Ownership of shares as movable goods grants rights in rem to the owner. The rights can be sustained against any person.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The provision is intended to enable the Company or other interested parties to acknowledge the status of the shares.

Paragraph (4)

The provision re-affirms the legal principle that the transfer of voting rights cannot be separated from the ownership of shares. Otherwise, other rights besides voting rights can be arranged in an agreement between the shareholder and the collateral holders.

Article 61

Paragraph (1)

In principle, the lawsuit contains a request to the Company to cease the detrimental actions and take certain measures to overcome the consequences that have already occurred and to prevent similar actions in the future.

Paragraph (2)

Self-explanatory.

Article 62

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Company's net assets are the net assets according to the latest balance sheet, which has been

ratified for the last 6 (six) months.

Letter c

Self-explanatory.

Paragraph (2)

Self-explanatory.

Article 63

Self-explanatory.

Article 64

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by 'unless provided otherwise in the prevailing the laws and regulations' is that if the prevailing laws and regulations determine , that the work plan is approved by the RUPS, the articles of association cannot regulate that the work plan is to be approved by the Board of Commissioners or vice versa. Also, if the prevailing laws and regulations regulate that the work plan must be approved by the Board of Commissioners or RUPS, the articles of association cannot determine that it is sufficient for the work plan to be conveyed by the Board of Directors to the Board of Commissioners or RUPS.

Paragraph (3)

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

A report on the Company's activities includes a report on the outcomes or performance of the Company.

Letter c

Self-explanatory.

Letter d

Details of problems include disputes or court cases involving the Company.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Paragraph (3)

A financial accounting standard is a standard determined by the Indonesian Accountants Professional Organization recognized by the Government of the Republic of Indonesia.

Paragraph (4)

Self-explanatory.

Article 67

Paragraph (1)

What is meant by 'signing of the annual report' is acknowledgement of accountability by the members of the Board of Directors and members of the Board of Commissioners in conducting their duties.

In the event of the annual report of the Company must be audited by a public accountant, the annual report to be audited is the annual report containing the audited financial statement.

Paragraph (2)

A reason in writing is to be used by the RUPS as one of their considerations when evaluating the report.

If a member of the Board of Directors or the Board of Commissioners does not provide his/her reasons, because, among others, the member has passed away, the reason is to be declared by the Board of Directors in a separate letter attached to the annual report.

Paragraph (3)

Self-explanatory.

Article 68

Paragraph (1)

The obligation to audit the financial report by a public accountant depends on the nature of the Company.

The obligation to have the financial report audited by an external supervisor is acceptable given the assumption that the public's trust must be satisfied. This also applies to a Company which expects to raise funds from the capital markets for financing.

Letter a

What is meant by 'the Company's business activities are related to the mobilization and / or use of public funds', includes, among others, banks, insurance companies and mutual fund companies.

Letter b

Promissory notes include, among others, bonds

Letter c

Self-explanatory.

Letter d

See elucidation of Article 7 (7) letter a.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The purpose of publication is for accountability to the public and transparency.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 69

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The financial statement must reflect the actual condition of the assets, liabilities, capital and business proceeds of the Company. The Board of Directors and Board of Commissioners are fully responsible for the accuracy/truth of the content of the Company's financial statement.

Paragraph (4)

Self-explanatory.

Article 70

Paragraph (1)

Net profit is profit of the current year after the deduction of tax.

Paragraph (2)

Positive profit balance is net profit of the Company of the current year, which covers the losses of the Company accumulated from the previous fiscal years.

Paragraph (3)

The Company sets up a statutory reserve fund and other reserve funds. The reserve fund as meant in paragraph (1) is a statutory reserves fund. Statutory reserves are certain amounts that must be set aside by the Company every fiscal year, which are used to cover possible future losses of the

Company. Obligatory reserves need not always be in the form of cash, but can also be other kinds of assets which can be disbursed easily and cannot be distributed as dividends. 'Other reserves' are reserves excluding the obligatory reserves, which can be used for various purposes of the Company, such as business expansion, dividends, social and other purposes.

The provision requiring the reserve fund to amount to at least 20% (twenty percent) of the issued and paid-up capital is deemed to be a proper amount for the obligatory reserves.

Paragraph (4)

Self-explanatory.

Article 71

Paragraph (1)

A decision of the RUPS as meant in this paragraph must satisfy the interests of the Company and be reasonable.

The decision of the RUPS can determine the net profit to be used in part or entirely for the distribution of dividends to the shareholders, reserve funds and/or other allocations, such as gratuities (tantieme) paid to the members of the Board of Directors and Board of Commissioners as well as a bonus for employees.

Any gratuity (tantieme) or bonus related to the Company's performance is to be budgeted and calculated as a cost.

Paragraph (2)

Net profit is the total amount of net assets in the current fiscal year after the deduction of accumulated losses of the Company from the previous fiscal year.

Paragraph (3)

If the net profit of the Company in the current fiscal year does not cover the accumulated losses of the Company from the previous fiscal year, the Company may not distribute a dividend because the Company still has a negative net profit balance.

Article 72

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

An example of interim dividends which must be returned is as follows:

The interim dividend which has been distributed is Rp 1,000 (one thousand Rupiah) per share. However, the company suffers a loss and does not have a positive profit balance so that no dividend can be distributed. Therefore, the amount which must be returned is Rp 1,000 (one thousand Rupiah) per share.

If the company suffers a loss but has retained earnings and a positive profit balance such that, for example, RUPS determines a dividend in the amount of Rp 200 (two hundred Rupiah) per share, the share which must be returned is Rp 1,000 (one thousand Rupiah) minus Rp 200 (two hundred Rupiah), or Rp 800 (eight hundred Rupiah).

Paragraph (6)

Self-explanatory.

Article 73

Paragraph (1)

Self-explanatory.

Paragraph (2)

Claiming a dividend means the total par value of the dividend, excluding interest.

Paragraph (3)

The total amount of dividends which have not been collected and become rights of the company will be recorded under the Company's miscellaneous income.

Article 74

Paragraph (1)

This provision aims to establish a harmonious, balanced and appropriate corporate relationship with the environment, the values, norms and culture of the local communities.

'A Company that conducts business activities in the field of natural resources' is a company which whose businesses activities involve managing and utilizing natural resources.

'A Company that conducts business activities related to natural resources' is a company which does not manage or utilize natural resources but conducts business activities which may have an impact on the function of potential natural resources.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'Will be liable to sanctions in accordance with the prevailing laws and regulations' means he/she will be liable to any sanctions provided under the related prevailing laws and regulations.

Paragraph (4)

Self-explanatory.

Article 75

Paragraph (1)

Self-explanatory.

Paragraph (2)

The provision in this paragraph is related to the right of shareholders to obtain information related to the agenda of the meeting, without reducing the right of the shareholders to obtain other information related to the rights of shareholders provided under this Law, among others the right of shareholders to see the shareholders register and special register as referred to in Article 50 paragraph (4), as well as the right to obtain materials for the meeting after a RUPS summons as referred to in Article 82

paragraph (3) and (4).

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 76

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

'The provision set out in paragraph (3)' is that the RUPS must be held within the territory of the Republic of Indonesia.

Paragraph (5)

Self-explanatory.



Article 77

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

'Approved and signed' means approved and signed either physically or electronically.

Article 78

Paragraph (1)

'Other RUPS' in practice means a so-called extraordinary RUPS.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 79

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'The reason for convening a RUPS' is, among others because the Board of Directors do not convene an annual RUPS until the determined date or term of members of the Board of Directors and/or members of the Board of Commissioners will expire.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Paragraph (10)

Self-explanatory.

Article 80

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'The ruling of the chair of the district court regarding the quorum and provisions on the requirements for adopting RUPS resolution' only applies to the third RUPS. The quorum and provisions on the requirements for adopting RUPS resolutions for the first and second RUPS refer to the provisions of Article 86, Article 87, Article 88, and Article 89 or the articles of association of the Company.

'The form of RUPS' is the annual or other RUPS.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

'Final and have permanent and binding legal force' means that the ruling cannot be appealed, appealed to, or re-considered (peninjauan kembali) by the Supreme Court. This provision is to avoid the postponement of the RUPS.

Paragraph (7)

The possible legal act which can be attempted if the court rejects the request is only an appeal to the Supreme Court; a re-consideration (peninjauan kembali) by the Supreme Court cannot be attempted.

Paragraph (8)

Self-explanatory.

Article 81

Paragraph (1)

Self-explanatory.

Paragraph (2)

Summoning the RUPS is an obligation of the Board of Directors. However, the Board of Commissioners may summon the RUPS if the Board of Directors did not convene the RUPS as stipulated in Article 79 paragraph (6), the Board of Directors is absent or there is a conflict of interest between the Board of Directors and the Company.

Article 82

Paragraph (1)

'The 14 (fourteen) day period' is the minimum period for summoning to a meeting. Therefore, the articles of association cannot determine a period shorter than 14 (fourteen) days, except for the second or third meeting in accordance with the provisions of this Law.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 83

Paragraph (1)

The announcement is intended to provide an opportunity for shareholders to recommend to the Board of Executive Directors any addition to the agenda of the RUPS.

Paragraph (2)

Self-explanatory.

Article 84

Paragraph (1)

'Unless otherwise stipulated in the articles of association' means in the event of the articles of association issue a share without the right to vote. If the articles of association do not determine such issues, every share issued is deemed to have one vote.

Paragraph (2)

Under this provision, shares owned by the Company, directly or indirectly, will have no voting rights and will not be counted in determining the quorum.

Letter a

'Owned by the Company itself' means that it is owned whether because of an ownership relationship, re-purchase, or a pledge.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Article 85

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The provision in this paragraph is a manifestation of the principle of deliberation to reach a consensus recognized under this Law. Therefore, split vote is not permitted.

For a Publicly-Traded Company, different votes issued by custodian banks or securities companies representing shareholders in mutual funds do not constitute a split vote as meant in this paragraph.

Paragraph (4)

In determining the quorum for the RUPS, shares of shareholders represented by members of the Board of Directors, members of the Board of Commissioners and employees of the Company as proxies are counted, but are not entitled to vote as proxies of the shareholders.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 86

Paragraph (1)

A waiver of the provision of this paragraph is only possible for matters regulated under this Law. The articles of association cannot determine a quorum which is less than that regulated under this Law.

Paragraph (2)

If the quorum for the first RUPS is not reached, the meeting must still be opened and then closed and the minutes of the meeting will state that the first RUPS could not be continued because a quorum was not reached and consequently, a second RUPS can be summoned.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

If the quorum for the second RUPS is not reached, the RUPS must still be opened and then closed and the minutes of the RUPS will state that the second RUPS could not be continued because a quorum was not reached and consequently, a request to the head of the district court to rule on the quorum for the third RUPS can be submitted

Paragraph (6)

If the chair of the district court is absent, the ruling can be made by other officials representing the head of the district court.

Paragraph (7)

'Be final and have permanent and binding legal force' means that the ruling cannot be appealed, appealed to the Supreme Court or re-considered by the Supreme Court.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Article 87**Paragraph (1)**

'Deliberation to reach a consensus' means that it is the result of an agreement approved by the shareholders present or represented in the RUPS.

Paragraph (2)

'Approved by more than ½ (one half)' means that the proposal on the agenda of the meeting must be approved by more than ½ (one half) of the total votes cast. If there are 3 (three) proposals or candidates and none of them obtain a vote of more than ½ (one half), voting on the 2 (two) proposals or candidates with the highest votes must be repeated so that one of the proposals or candidates obtains more than ½ (one half) of the votes.

Article 88

Self-explanatory.

Article 89

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'A greater number for the quorum and/or further requirements for adopting resolutions in the RUPS' means greater than the number specified in this paragraph but not greater than the provision of paragraph (1).

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 90

Paragraph (1)

The signing by the chairman of the meeting and at least 1 (one) shareholder appointed from among and by the participants at the RUPS is intended to ensure the certainty and truth of the minutes of the RUPS.

Paragraph (2)

Self-explanatory.

Article 91

'Adopt resolutions outside a RUPS' means a so called circular resolution in practice.

This method of adopting a resolution is conducted without convening the RUPS physically, but the decision is made by sending the written proposal to be resolved to all the shareholders and the proposal is must be approved in writing by all the shareholders.

A 'binding resolution' is a resolution which has the same legal power as a RUPS resolution.

Article 92

Paragraph (1)

This provision assigns the Board of Directors to manage the Company, including among other things, the day to day management of the Company.

Paragraph (2)

'The policies that are considered appropriate' means policies, which among other things are based on expertise, opportunities and what is customary in similar businesses.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Paragraph (6)

The Board of Directors as the organ which manages the Company understands clearly the needs of the Company. Therefore, if the RUPS does not determine the duties and authorities of the members of the Board of Directors, it is reasonable that they will be determined by the Board of Directors itself.

Article 93

Paragraph (1)

The 5 (five) year period starts from the date upon which he/she is declared to be at fault under a court ruling with permanent and binding legal force which causes the Company to be declared bankrupt, or if he/she is sentenced, starts from the date upon which he/she completed the sentenced.

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

'The financial sector' includes, among others, banks and non-bank financial institutions, capital markets and other sectors related to the collection and management of public funds.

Paragraph (2)

Self-explanatory.

Paragraph (3)

'A document' is a statement letter made by a candidate for the Board of Directors regarding the requirement as meant in paragraph (1) and letter from the authorized agency in relation to the requirements as meant in paragraph (2).

Article 94

Paragraph (1)

The authority of the RUPS cannot be delegated to other Company's organs or other parties.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The requirements for the appointment of members of the Board of Directors for a 'specified term' is intended so that the members of the Board of Directors whose term of office has expired will not automatically continue in their position unless they are re-appointed under a RUPS resolution. For example, for a term of 3 (three) or 5 (five) years as of the date of appointment, as of the expiry of the term, the former members of the Board of Directors are no longer entitled to act for and on behalf of the Company, unless they are re-appointed by the RUPS.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

'Changes to the members of the Board of Directors' includes any changes because of the re-appointment of the members of the Board of Directors.

Paragraph (8)

A 'request' is a request for approval of the amendments to the articles of association as meant in Article 21 paragraph (2).

The "notification" is notification regarding the amendment to the articles of association as meant in Article 21 paragraph (3) and regarding other Company data, which must be notified to the Minister in accordance with the provisions of this Law.

Paragraph (9)

Self-explanatory.

Article 95

Paragraph (1)

The appointment of a member of the Board of Directors will become void by law when other members of the Board of Directors or the Board of Commissioners become aware of the violation of the provision in Article 93 based on valid evidence, and at that time the relevant member of the Board of Directors must be notified in writing.

Paragraph (2)

"Other members of the Board of Directors" are members of the Board of Directors other than those whose appointments are void and are authorized to represent the Board of Directors in accordance with the articles of association. If there are none, the Board of Commissioner will arrange the publication.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 96

Paragraph (1)

The "amounts of the salaries and allowances of members of the Board of Directors" means the amount of salary and allowances of each member of the Board of Directors.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 97

Paragraph (1)

Self-explanatory.

Paragraph (2)

“Full responsibility” means taking due care of the Company thoroughly and diligently.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

“Taking measures to prevent the loss from occurring or continuing” also includes measures to obtain information regarding the management action which may cause losses, such as through a meeting of the Board of Directors.

Paragraph (6)

If an action of the Board of Directors causes the Company to suffer losses, the qualified shareholders as governed in this paragraph can represent the Company to file a claim or lawsuit against the Board of Directors in court.

Paragraph (7)

The lawsuit filed by the Board of Commissioners is for the purposes of the Board of Commissioners carrying out its oversight function over the management of the Company conducted by the Board of Directors; in filing the lawsuit, the Board of Commissioners does not have to act together with the other members of the Board of Directors and this authority of the Board of Commissioners shall not be limited only to a case where all the members of the Board of Directors have a conflict of interest.

Article 98

Paragraph (1)

Self-explanatory.

Paragraph (2)

This Law basically adopts a collegial representative system, which means that each member of the Board of Directors is authorized to represent the Company. However, for the interests of the Company, the articles of association can stipulate that the Company is represented by certain members of the Board of Directors.

Paragraph (3)

Self-explanatory.

Paragraph (4)

“Must not contradict this Law” means, for example, that the RUPS cannot resolve that the Board of Directors can put up as collateral or transfer most of the Company’s assets based only on the approval of the Board of Commissioners or the RUPS with a quorum of less than $\frac{3}{4}$ (three fourths).

“Must not contradict the articles of association” means, for example, the RUPS resolves that to borrow money in the amount of more than Rp. 1,000,000,000.00 (one billion rupiahs), the Board of Directors must obtain approval from the Board of Commissioners.

The RUPS is not authorized to resolve that for borrowing money exceeding Rp. 500,000,000.00 (five hundred million rupiahs), the Board of Directors must obtain approval from the Board of Commissioners without first amending the provision of the articles of association.

Article 99

Self-explanatory.

Article 100

Paragraph (1)

Letter a

The register of shareholders and the special register are in accordance with the provision of Article 50.

Minutes of the RUPS and minutes of meetings of the Board of Directors must contain any matters discussed and decided in each meeting.

Letter b

Self-explanatory.

Letter c

“Other corporate documents” are, among others, minutes of meetings of the Board of Commissioners, or corporate licenses.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 101

Any gain of and change to the share ownership must be reported. The report of the Board of Directors on this matter is to be recorded in the special register as governed in Article 50 paragraph (2).

For “their family members”, see the elucidation of Article 50 paragraph (2).

Article 102

Paragraph (1)

“The company assets” are all goods, movable or immovable, tangible or intangible, belonging to the

company.

“In one or more related or unrelated transactions” is one or more transactions which in total exceed 50% (fifty percent).

Valuation of the 50% (fifty percent) of the net assets is based on the book value according to the latest balance ratified by a RUPS.

Paragraph (2)

Unlike an asset transfer transaction, there is no time restriction on an encumbrance of the Company's assets as security for a loan as referred to in paragraph (1) letter b, but if the total Company assets are put up as security for a certain period it must be complied with.

Paragraph (3)

“Transfer of or encumbrance of the Company's assets as security” is, for example, the sale of a house by a real estate company, sale of securities between banks, and sale of inventory by a distribution or trading company.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 103

“A Power of attorney” is a particular authorization for a certain action stated in a power of attorney.

Article 104

To prove the fault or negligence of a member of the Board of Directors, a lawsuit is filed in a commercial court in accordance with the provision of the Law on Bankruptcy and Suspensions of Payment.

Article 105

Paragraph (1)

The RUPS resolution to dismiss a member of the Board of Directors can be adopted for the reason that the relevant member is no longer qualified to be a member of the Board of Directors as stipulated in this Law, such as having committed an action which caused a loss to the Company or for any other reason deemed appropriate by the RUPS.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The defense as meant in this provision must be provided in writing.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 106

Paragraph (1)

Considering that the dismissal of members of the Board of Directors by the RUPS will take some time, while the Company's interest cannot be delayed, the Board of Commissioners, as the oversight organ, is authorized to temporarily suspend the member of the Board of Directors.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The RUPS is preceded by a notice of the RUPS from the Company organ that temporarily suspended the member of the Board of Directors.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Article 107

Letter a

The procedure for the resignation of a member of the Board of Directors as regulated in the articles of association is by submitting a resignation request with a certain time limit. After that time limit, the member of the Board of Directors may quit from his position without having to obtain approval from the RUPS.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Article 108

Paragraph (1)

Self-explanatory.

Paragraph (2)

"The company's best interests in accordance with the Company's purposes and objectives" means that the oversight and advice from the Board of Commissioners is not for a certain party or group, but for the total interest of the Company in accordance with the Company's purposes and objectives.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Unlike the Board of Directors, in which every member of the Board of Directors may act individually in performing the duties of the Board of Directors, members of the Board of Commissioners cannot act individually in performing the duties of the Board of Commissioners, unless it is based on a decision of the Board of Commissioners.

Paragraph (5)

A Company the business activities of which include mobilizing and/or managing public funds, a Company that issues promissory notes to the public, or a Publicly-Traded Company requires oversight by a larger number of members of the Board of Commissioners because they are related to the interests of the public.

Article 109

Self-explanatory.

Article 110

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

See elucidation Article 93 (1) letter c.

Paragraph (2)

Self-explanatory.

Paragraph (3)

A document is a written statement made by candidate members of the Board of Commissioners in relation to the requirements in paragraph (1) and documents from the relevant institution in relation to the requirements in paragraph (2).

Articles 111

Self-explanatory.

Article 112

Paragraph (1)

“Another member of the Board of Commissioners” means another member of the Board of Commissioners besides the member of the Board of Commissioners whose appointment is void by law.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 113

Self-explanatory.

Article 114

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The provision in this paragraph confirms that if a member of the Board of Commissioners was at fault or negligent in performing his/her duties and this caused a loss to the company because of its management by the Board of Directors, the member of the Board of Commissioners will also be responsible to the extent of his/her fault and/or negligence.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 115

Self-explanatory.

Article 116

Letter a

The minutes of the Board of Commissioners meeting must contain everything discussed and resolved at the meeting.

"Copies" are copies of the minutes of the Board of Commissioners meeting because the originals are kept by the Board of Directors as meant in Article 100.

Letter b

Every change in the ownership of shares must also be reported.

For the meaning of "their family members", please see the elucidation of Article 50 paragraph (2).

Letter c

The reports of the Board of Commissioners regarding this issue are to be recorded in the special

register as meant in Article 50 paragraph (2).

Article 117

Paragraph (1)

“To approve” means approval in writing from the Board of Commissioners.

“To assist” means the action of the Board of Commissioners to accompany the Board of Directors in performing certain legal acts.

The approval or assistance of the Board of Commissioners given to the Board of Directors in performing certain legal acts as meant in this paragraph does not constitute acts of management.

Paragraph (2)

“A legal act will remain binding on the Company” means that a legal act performed without the approval by the Board of Commissioners as required by the provisions of the articles of association will remain binding on the Company, unless it can be proved that the other party in that legal act was not acting in good faith. The provision as referred to in this paragraph may give rise to personal liability of the members of the Board of Directors in accordance with the provisions of this Law.

Article 118

Paragraph (1)

The intention of this provision is to provide authorization to the Board of Commissioners to handle the management of the company, in the event of the members of the Board of Directors are absent.

“Under certain circumstances” are among others, the conditions as meant in Article 99 paragraph (2) letter b and Article 107 letter c.

Paragraph (2)

Self-explanatory.

Article 119

Self-explanatory.

Article 120

Paragraph (1)

Self-explanatory.

Paragraph (2)

According to the code of good corporate governance, an Independent Commissioner is a commissioner from an external party.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 121

Paragraph (1)

The “committee” means, among others, the audit committee, the remuneration committee or the nomination committee.

Paragraph (2)

Self-explanatory.

Article 122

Self-explanatory.

Article 123

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

In the procedures for converting shares, the reasonable price of shares of the absorbed Companies and reasonable price of the company receiving the merger are stipulated to determine the share exchange ratio for the share conversion.

Letter d

In this case, the draft amendment to the articles of association will only be required as part of the recommendation if the merger changes the articles of association.

Letter e

‘The Last 3 Fiscal years of the company’ is the book which cover the whole 36 (thirty six) months.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

‘Certain companies’ are companies having special businesses, among others, bank financial institutions and non-bank financial institutions.

‘Relevant authorities’ is among others Bank Indonesia in the merger of a banking company.

Paragraph (5)

Self-explanatory.

Article 124

Self-explanatory.

Article 125

Paragraph (1)

The acquisition as meant in this Article does not reduce the provision as meant in Article 7.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

‘The Acquiring Party’ means a company, other legal entity which is not a company, or individuals.

Paragraph (6)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

In the share conversion procedures, the reasonable price for shares of the target Company and reasonable price for the shares being exchanged are stipulated to determine the share exchange ratio for the share conversion.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Paragraph (7)

The acquisition of shares of another company directly from the shareholders does not necessarily need to be preceded by preparing a draft acquisition but it can be directly processed through negotiation or agreement between the party who will acquire the shares and the shareholders while observing the articles of association of the target Company.

Paragraph (8)

Self-explanatory.

Article 126

Paragraph (1)

This provision emphasizes that a merger, consolidation, acquisition or Separation cannot be performed if it will be detrimental to certain parties' interests.

Subsequently, various kinds of monopoly and monopsony which are detrimental to the public must be avoided in the merger, consolidation, acquisition or Separation.

Paragraph (2)

Shareholders who do not agree to the consolidation, acquisition or Separation are entitled to ask the company to purchase their shares in accordance with the reasonable price for shares of the company as meant in the elucidation of Article 123 paragraph (2) letter c and Article 125 paragraph (6) letter d.

Paragraph (3)

Self-explanatory.

Article 127

Paragraph (1)

Self-explanatory.

Paragraph (2)

The announcement is intended to provide an opportunity to the related parties to understand the plan and raise objections if it is detrimental to their interests.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.



Article 128

Self-explanatory.

Article 129

Self-explanatory.

Article 130

Self-explanatory.

Article 131

Self-explanatory.

Article 132

Self-explanatory.

Article 133

The announcement is intended to inform the interested third party to acknowledge that the merger, consolidation or acquisition has been performed.

In this case, the announcement must be posted no later than 30 (thirty) days as of the date of:

- a. approval from the Minister with regard to the amendments to the articles of association, in the case of a merger;
- b. the Minister's receipt of the notification of the amendments to the articles of association as meant in Article 21 paragraph (3) or without attaching the amendments to the articles of association;
- c. validation from the Minister of the deed of establishment of the company in the case of a consolidation.

Article 134

Self-explanatory.

Article 135

Paragraph (1)

Letter a

Self-explanatory.

Letter b

'Non-pure Separation' is well known as a spin off.

Paragraph (2)

'The transfer by law' is a transfer on the basis of general title and therefore, it does not need a deed of transfer.

Paragraph (3)

Self-explanatory.



Article 136

Self-explanatory.

Article 137

Self-explanatory.

Article 138

Paragraph (1)

Prior to submitting the application for an investigation of the company, the applicant must have requested the required data or information directly from the company. If the company refuses or does not fulfill the request, this provision provides actions which can be used by the applicant.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 139

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

An 'expert' means someone having expertise in the field which will be audited.

Paragraph (4)

Self-explanatory.

Paragraph (5)

'All documents' are all books, notes and letters related to the activities of the company.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 140

Paragraph (1)

Self-explanatory.

Paragraph (2)

Based on the report containing the results of the investigation in this paragraph, the applicant may determine the further stance of the company.

Article 141

Paragraph (1)

The Chair of the district court will stipulate the investigation costs for the investigator based on the expertise level of the investigator and financial capability of the company as well as the scope of the company.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The reimbursement of compensation for all or part of the investigation is stipulated by the court considering the investigation's results.

Article 142

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

'The revocation of the Company's business license so that the Company is required to carry out its liquidation' is a provision which will not enable the company to continue its business in other fields after the business license is revoked, for instance, a banking business license, an insurance business license.

Paragraph (2)

Different from the dissolution of a company as the result of a merger or consolidation, which do not need to be followed by liquidation, the dissolution of a company based on the provision in paragraph (1) must always be followed by liquidation.

Letter a

'Liquidation performed by a receiver' is liquidation, which is particularly performed in the event of the company is dissolved on the basis of the provision of paragraph (1) letter e.

Letter b

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

By appointing liquidator, this does not mean that members of the Board of Directors and Board of Commissioners are dismissed unless the RUPS dismiss them.

The party authorized to suspend and oversee the liquidator is the Board of Commissioners in accordance with the provisions in the articles of association.

Article 143

Paragraph (1)

Since the dissolved company is still recognized as a legal entity, the company can be declared

bankrupt and the liquidator subsequently replaced by a receiver.

The declaration of bankruptcy does not change the status of a company already dissolved and therefore the company must be liquidated.

Paragraph (2)

Self-explanatory.

Article 144

Self-explanatory.

Article 145

Self-explanatory.

Article 146

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

'On the grounds that the Company is not in a condition to continue its operations' includes among others:

- a. the company has not undertaken business activities (non-active) for three years or more, which is proved by notification conveyed to the tax authority;
- b. if most of the addresses of the shareholders are unknown even though they have been summoned through advertisements in newspaper, so that the RUPS cannot be convened;
- c. if the balance of share ownership in the company of which the RUPS is unable to issue legitimate decisions, e.g. 2 (two) shareholders respectively own 50% (fifty percent) of the shares; or
- d. the company's assets have been reduced such that the company cannot continue its business activities with the existing assets.

Paragraph (2)

Self-explanatory.

Article 147

Paragraph (1)

The 30 (thirty) day period is counted as from the date of:

- a. dissolution by the RUPS if the company is dissolved by the RUPS; or
- b. a legally binding court ruling if the company is dissolved based on a court ruling.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The 60 (sixty) day period is counted from the date of the last announcement to creditors; for example, if the announcement in the newspapers is published on 1 July 2007, the announcement in the State Gazette of the Republic of Indonesia should be on 3 July 2007, and the date of the last announcement will be 3 July 2007.

Paragraph (4)

Self-explanatory.

Article 148

Self-explanatory.

Article 149**Paragraph (1)****Letter a**

Self-explanatory.

Letter b

'The plan for the distribution of assets resulting from the liquidation' includes the detailed amounts of the liabilities and the terms of payment.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

'Other acts required for the settlement of the assets' are among others, submission of an application for bankruptcy because the liabilities of the company are worth more than the corporate assets.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 150

Self-explanatory.

Article 151

Self-explanatory.

Article 152

Paragraph (1)

'The liquidator shall be responsible' means that the liquidator must provide an accountability report on the liquidation which has been conducted.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

**Article 153**

Self-explanatory.

Article 154

Paragraph (1)

Principally, the provisions in this law are applicable to a company undertaking certain activities in the capital markets sector, such as Listed Companies or stock exchanges. However, considering that the activities of the company are of a different nature from the company in general, it is necessary to provide an opportunity for a specific regulation governing the company.

The specific regulation will govern, among other things, the capital remittance system, matters related to the repurchase of the company's shares and voting rights as well as the commencement of the RUPS.

Paragraph (2)

'The legal principles regarding Companies' means the legal principles related to the nature of a company and the organs of a company.

Article 155

Self-explanatory.

Article 156

Self-explanatory.

Article 157

Paragraph (1)

Self-explanatory.

Paragraph.(2)

Self-explanatory.

Paragraph (3)

'Companies that have obtained legal entity status under the laws and regulations' are companies having the status of a legal entity and established under the Code of Commerce and Law Number 1 of 1995 regarding Limited Liability Companies.

Paragraph (4)

Self-explanatory.

Article 158

Based on this provision, the share ownership by another company must have been transferred to other parties subject to the prohibition as meant in Article 36 within 1 (one) year as of the enactment of this law.

Article 159

Self-explanatory.

Article 160

Self-explanatory.

Article 161

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 4756

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