LAW OF THE REPUBLIC OF INDONESIA

NUMBER 1 OF THE YEAR 1995

CONCERNING

LIMITED LIABILITY COMPANIES

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LAW OF THE REPUBLIC OF INDONESIA
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CONCERNING
LIMITED LIABILITY COMPANIES

WITH THE GRACE OF GOD ALMIGHTY
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering :

a. that the regulations on Limited Liability Companies as set out in the Commercial Code (Wetboek Van Koophandel, Staatsblad 1847 : 23), are no longer suitable for the ever-accelerating development of the economy and the business world, both nationally and internationally;

b. that in addition to the legal entity of Limited Liability Company as regulated by the Commercial Code, there also still exists another form of legal entity, namely the Indonesian Joint Stock Company as regulated in the Indonesian Joint Stock Company Ordinance (Ordonaantie op de Indonesische Maatschappij of Aandeelen, Staatsblad 1939 : 569 in conjunction with 717);

c. that in order to create legal unity, to fulfil the need for a new law which can accelerate national development, and to guarantee the certainty and enforcement of the law, the dual regulation referred to in part b above needs to be eliminated by reforming the regulations concerning Limited Liability Companies;

d. that the reform of regulations concerning Limited Liability Companies as referred to in point c must take the form of realization of the family principle according to the principles of economic democracy based upon Pancasila and the 1945 Constitution;

e. that based upon the considerations referred to in points a, b, c and d, it is deemed necessary to create a new Act on Limited Liability Companies;

In view of : Article 5 paragraph (1), Article 20 paragraph (1) and Article 33 of the 1945 Constitution;

With the approval of :

THE PEOPLE'S HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

DECIDES :

To promulgate: **THE LAW ON LIMITED LIABILITY COMPANIES**

ELUCIDATION

GENERAL

The Broad Outlines of the Nation's Direction affirms that "the target of the Second Long-Term Development Program is the creation of quality human resources and a progressive independent Indonesian community in an atmosphere of tranquillity and bodily and spiritual welfare, in a way of life for the community, people and nation based on Pancasila, and in an atmosphere that strikes a harmonious balance between individuals and society, between humanity and the environment, and humanity and God Almighty". In the economic sphere the general aim, amongst others, of the development programs is directed towards raising prosperity in a more even fashion in society.

To achieve this aim such supports as a conducive and motivating legal system which controls development activities in the economic sphere are needed.

One of the legal necessities in support of economic development is a set of provisions in the field of Limited Companies to replace the former laws.

It is hoped that with such provisions Limited Companies can become one of the pillars of national economic development under the faimilial principle of economic democracy as a realisation of Pancasila and the 1945 constitution.

Noting the role given to Limited Companies in the national economic structure as referred to above, the need for a complete restructuring of legislative regulations concerning Limited Companies is felt to be urgent.

The provisions concerning Limited Companies found in the Commercial Code no longer meet the needs of economic development and the business world which are rapidly changing in these times. New policies are therefore needed in, for example, matters of foreign exchange, foreign aid, foreign investment, increasing international co-operation, the banking system and the stock market.

These new developments are linking the Indonesian economy with the world economy, and so the Indonesian economy cannot close itself off from the influences and demands of globalization. Nevertheless, new regulations in the sphere of Limited Companies must still stem from and be faithful to the economic principle outlined in the 1945 Constitution, i.e. the familial principle.

Bearing in mind that Limited Companies are business entities in the form of legal entities whose capital consists of shares and thus form an alliance of capital, this Act provides that all subscribed shares shall be paid up in full so that in carrying out its business the company can function healthily, efficiently and effectively. Besides which, this Act protects the interests of shareholders, creditors and other concerned parties as well as those of the Limited Company itself. This is important because it does happen that in a Limited Company a conflict of interest arises between the shareholders and the Limited Company or between minority and majority shareholders. In such a conflict of interest a certain amount of authority is given to minority shareholders, including the right to request a General Meeting of Shareholders or to request a Court order for an inspection into the running of the company.

In order to avoid the occurrence of unhealthy competition as a result of the concentration of economic power in a small economically effective group and as far as possible to avoid monoplies and monopsonies in any form which might harm society this Act sets conditions and procedures for merging, dividing and transferring companies.

In the same way, to protect creditors and third parties, conditions are made for reductions in capital, share buy-backs and liquidation of companies. Without reducing efforts to provide protection for minority shareholders, attention is given to protecting the public interest and the company's own interests by, for example, establishing the duties, authority and responsibilities of the company organs.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Act the following expressions have the following meanings :

1. A Limited Liability Company, hereinafter referred to as a company, is a legal entity which is established under an agreement, carries on business with authorized capital the whole of which is divided into shares and fulfils all conditions set out in this Act and its implementing regulations.

2. The Company's organs are the General Meeting of Shareholders, the Board of Directors and the Board of Commissioners.

3. The General Meeting of Shareholders, hereinafter referred to as GMS, is the company organ that has the highest authority in the company and all powers not given to the Board of Directors or Board of Commissioners.

4. The Board of Directors is the company organ which is fully responsible for the management of the company in the interests of and for the purposes of the company and which represents the company in and outside court according to the provisions of the Articles of Association.

5. The Board of Commissioners is the company organ whose duty is to carry out supervision generally and/or specifically and to advise the Board of Directors on the running of the company.

6. An Public Company is a company whose capital and number of shareholders fulfil certain criteria or a company that carries out a public offering, according to the laws and regulations concerning capital markets.

7. Minister is the Minister of Justice of the Republic of Indonesia.

Elucidation of Article 1 : Sufficiently clear.

Article 2

The activities of a company must be in accordance with its purpose and objectives and not contrary to laws, regulations, public order, and/or morality.

Elucidation of Article 2 : Sufficiently clear.

Article 3

(1) Shareholders of a company shall not be personally liable for contracts entered into in the name of the company and shall not be liable for the losses of the company in excess of the value of shares subscribed by them.

(2) Paragraph (1) does not apply if :

a. the conditions for a company as a legal entity have not been or have not yet been fulfilled;

b. the shareholders directly or indirectly in bad faith make use of the company solely for their personal interest;

c. the shareholders are involved in an unlawful act committed by the company; or

d. the shareholders, directly or indirectly unlawfully use company property, which causes the property of the company to be insufficient to pay the debts of the company.

Elucidation of Article 3 :

Paragraph (1): The provision in this Article makes explicit the feature of a limited liability company, that the shareholders are only liable for the nominal value of the shares subscribed by them and do not include their own personal property.

Paragraph (2): In certain cases it is not impossible that the limited liability may be lifted. These cases include those where it can be proved that the personal property of the shareholder is mixed with the assets of the company to such an extent that the company is established solely as a mean for the shareholder to fulfil his personal objectives.

Article 4

A company is governed by this Act, the Articles of Association of the company and other regulations and laws.

Elucidation of Article 4 :

The coming into effect of this law, the Articles of Association of the company and other regulations and laws, do not prejudice the obligation of every company to observe the principle of good faith, the principle of fairness and the principle of decency in operating the company. What is meant by "other regulations and laws" is all regulations and laws relating to the existence and operation of the company, including provisions of the Civil Code(Staatsblad 1847 : 23) and the Commercial Code (Staatsblad 1847 : 23), as long as not repealed or contradicted in this Act.

Article 5

The company shall have its domicile in the territory of the Republic of Indonesia as set out in the Articles of Association.

Elucidation of Article 5 :

The domicile of the company shall at the same time constitute the head office of the company. The company shall choose an address within its domicile, which shall be stated in its correspondence and through which the company can be contacted.

Article 6

The company shall be established for the term specified in its Articles of Association.

Elucidation of Article 6 :

This provision affirms that in principle the term of incorporation of a company is unlimited. However if a term is to be specified, it must be expressly stated in the Articles of Association.

CHAPTER II
INCORPORATION, ARTICLES OF ASSOCIATION, REGISTRATION AND PUBLICATION

First Part
Incorporation

Article 7

(1) The company shall be incorporated by 2 (two) or more persons by notarial deed drawn up in the Indonesian language.

(2) Each founder of the company must subscribe a part of the shares at the time of incorporation of the company.

(3) If, after approval of the company, the number of shareholders becomes less than 2 (two) persons, the shareholder must transfer part of his shares to another person within a period of 6 (six) months after the occurrence of that situation.

(4) If, after the expiry of the period referred to in paragraph (3) the number of shareholders is still less than 2 (two) persons, the shareholder shall be personally liable for all contracts or losses of the company and at the request of an interested party, the District Court may dissolve the company.

(5) The provision which obliges a company to be incorporated by 2 (two) or more persons as, specified in paragraph (1) and the provisions of paragraphs (3) and (4) do not apply to a

company that is a State-Owned Enterprise.

(6) The company shall be a legal entity after its Deed of Incorporation referred to in paragraph (1) has been ratified by the Minister.

(7) In making a Deed of Incorporation, a founder may be represented by another person based upon a power of attorney.

Elucidation of Article 7 :

Paragraph (1): A "person" mean an individual or a legal entity.

This provision confirms the principle that applies under this Act that as a legal entity the company is formed on the basis of an agreement, and therefore has more than one shareholder.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Paragraph (5): Because of its special status and characteristics, the requirements for the number of founders of a State-Owned Enterprise are provided for in separate regulations and laws.

Paragraph (6): Sufficiently clear.

Paragraph (7): Sufficiently clear.

Article 8

(1) The Deed of Incorporation shall contain the Articles of Association and at least the following further information :

a. the full name, place and date of birth, occupation, address, and citizenship of the founders;

b. the composition, full name, date and place of birth, occupation, address and citizenship of the members of the first Board of Directors and Board of Commissioners to be appointed; and

c. the name of the shareholders who have subscribed a part of the shares, details of the number of shares and the nominal or agreed value of the shares that have been issued and paid up at the time of incorporation.

(2) The Deed of Incorporation shall not include :

a. provision for the receipt of fixed interest on shares; and
b. provisions concerning the grant of personal gain to the founders or any other party.

Elucidation of Article 8 :

Paragraph (1) Letter a : *In incorporating a company, it is necessary to clarify the citizenship of the founders. In principle an Indonesian legal entity in the form of a company should be incorporated by Indonesian Citizens, however foreign citizens are given the opportunity to incorporate an Indonesian legal entity in the form of a company as far the Act that governs the field of business of the company concerned permits it, or if the incorporation of the company is regulated by a separate Act.*

Letter b: *Sufficiently clear.*

Letter c: *"Have subscribed a part of the shares" means the number of shares subscribed at the moment of incorporation of the company.*

Paragraph (2): Letter a: *Sufficiently clear.*

Letter b: *Sufficiently clear.*

Article 9

(1) To obtain the ratification referred to in Article 7 paragraph (6) the founders jointly or their attorneys shall submit a written application enclosing the Deed of Incorporation.

(2) The ratification referred to in paragraph (1) shall be given within a period of no more than 60 (sixty) days after receipt of the application.

(3) If the application is rejected, the rejection must be notified to the applicant in writing together with reasons for the rejection within the period referred to in paragraph (2).

Elucidation of Article 9 :

Paragraph (1): "Attorney" in this paragraph means a Notary or any other person appointed on the basis of a Power of Attorney.

Paragraph (2): The period of 60 (sixty) days shall commence at the time the submitted application is declared to have fulfilled the necessary conditions and requirements in accordance with the prevailing regulations.

Paragraph (3): Sufficiently clear.

Article 10

(1) Legal acts related to the composition and participation of capital and the composition of shares in the company which the founders carry out before incorporation of the company, must be set out in the Deed of Incorporation.

(2) The original document or official copy of the authentic deed concerning the legal acts referred to in paragraph (1) shall be attached to the Deed of Incorporation.

(3) If the provisions of paragraphs (1) and (2) are not fulfilled, the legal acts shall not constitute rights and obligations of the company.

Elucidation of Article 10 :

Paragraph (1): Legal actions include the payment of shares in other forms and by other methods than cash payments.

Paragraph (2): "Attached" means that all documents containing legal acts related to the incorporation of the company concerned, must be integrated with the Deed of Incorporation.

The integration shall be carried out by gluing or sewing the documents as integral parts of the Deed of Incorporation.

Paragraph (3): If the legal act referred to in paragraph (1) above is not stated in the Deed of Incorporation and/or not attached according to the provisions of paragraph (2), the legal act shall only bind the company if they are affirmed pursuant to the provisions of Article 11

Article 11

(1) Legal acts carried out by the founders in the interests of the company before the company obtains ratification shall bind the company after the company becomes a legal entity if :

a. the company expressly accepts all agreements made with third parties by the founders or other person designated by the founders;

b. the company expressly takes over all rights and obligations arising out of agreements made by the founders or other person designated by the founders even though the agreements are not made in the name of the company; or

c. the company affirms in writing all legal acts done in the name of the company.

(2) If the legal acts referred to in paragraph (1) are not accepted, not taken over, or not affirmed by the company, each founder who carries out the legal acts is personally liable for all the consequences that arise.

Elucidation of Article 11 :

Paragraph (1): This provision regulates the procedure that must be followed to transfer to the company the rights and/or obligations arising from the legal acts of the founders performed after the company is incorporated, but before it is ratified as a legal entity, through express acceptance, the taking over of rights and obligations and affirmation of the legal acts.

Paragraph (2): The company's authority to affirm legal acts referred to in paragraph (1) rests with the GMS.

However considering that usually it is not possible to hold a GMS immediately after the company has obtained approval, the affirmation may be given by all the founders, shareholders, and the Board of Directors.

For as long as a legal action has not yet been affirmed, whether because the company has failed to be incorporated or the company has failed to obtain ratification or because the company did not affirm it, the legal action shall not bind the company.

Second Part
Articles of Association

Article 12

The Articles of Association must at least contain :

a. the name and domicile of the company;

b. the purpose and objectives of the company and the business activity of the company all of which must be in accordance with the laws and regulations in force;

c. the term of incorporation of the company;

d. the amount of authorised capital, issued capital, and paid up capital;

e. the number of shares, the number of share classes, if any, and the number of shares in each class, the rights attached to each share, and the nominal value of each share;

f. the composition, number, and names of the members of the Board of Directors and Board of Commissioners;

g. the determination of the place and procedure for holding a GMS;

h. the procedure for the selection, appointment, replacement, and dismissal of members of the Board of Directors and Board of Commissioners;

i. the procedure for the use of profits and payment of dividends; and

j. other provisions according to this Act.

Elucidation of Article 12:

Letter a: *Sufficiently clear.*

Letter b: *"The business activity of the company" means all acts performed by the company in order to achieve its purposes and objectives.*

Letter c: *See the Elucidation of Article 6.*

Letter d: *Sufficiently clear*

Letter f: *Sufficiently clear*

Letter g: *Sufficiently clear*

Letter h: *Sufficiently clear*

Letter i: *Sufficiently clear*

Letter j: *Sufficiently clear*

Article 13

(1) The company may not use a name that :

(a) has been legally used by another company or which is similar to the name of another company; or

(b) contravenes public order and/or morality.

(2) The name of the company must be preceded by the words "Perseroan Terbatas" or the abbreviation "PT".

(3) In the case of a Public Company, in addition to paragraph (2), the initials "Tbk" must be added at the end of the name of the company.

(4) Further provisions on the use of company names shall be made by Government Regulation.

Elucidation of Article 13 :

Paragraph (1) : *Sufficiently clear.*

Paragraph (2) : *Sufficiently clear.*

Paragraph (3) : *If the abbreviation “Tbk” is not written, it means the company is a Private Company.*

Paragraph (4) : *Sufficiently clear.*

Article 14

(1) Amendments to the Articles of Association shall be decided by a GMS.

(2) A proposal to amend the Articles of Association shall be stated in a notice or announcement of the holding of a GMS.

Elucidation of Article 14 : Sufficiently clear

Article 15

(1) Certain amendments to the Articles of Association must be approved by the Minister and registered in the Register of Companies and announced according to the provisions of this Act.

(2) The amendments referred in paragraph (1) include amendments to:

a. the name of the company;
b. the purpose and objectives of the company;
c. the business of the company;
d. the term of incorporation of the company, if the Articles of Association specify a fixed term;
e. the amount of authorized capital;
f. a reduction of subscribed and paid up capital; or
g. the change of status of a company from a Private Company to a Public Company or vice versa.

(3) Amendments to the Articles of Association other than those referred to in paragraph (2) shall be reported to the Minister within a period of no more than 14 (fourteen) days after the resolution of the GMS and registered in the Register of Companies according to the provisions of Article 21.

Elucidation of Article 15 : Sufficiently clear.

Article 16

Amendments to the Articles of Association as referred to in Article 15 paragraphs (2) and (3) shall be made by notarial deed in the Indonesian language.

Elucidation of Article 16 : Sufficiently clear.

Article 17

(1) The amendments referred to in Article 15 paragraph (2) shall take effect from the date on which approval is given.

(2) The amendments referred to Article 15 paragraph (3) shall take effect from the date of registration.

Elucidation of Article 17 :

Paragraph (1) : Sufficiently clear.

Paragraph (2) : Registration shall be subsequent to the amendment of the Articles of Association having ben reported to the Minister.

Article 18

No amendment can be made to the Articles of Association if the company is declared bankrupt except with the agreement of the trustee.

Elucidation of Article 18:

The purpose of providing for the possibility of amending the Articles of Association of a company that has been declared bankrupt, subject to the trustee's approval, is to provide a remedy that may be taken to release the company from a state of bankruptcy, for example changes related to an increase in capital, changes in the Board of Directors and/or the Board of Commissioners, or changes in the management.
These changes are subject to the trustee's approval, or may only be conducted after the trustee's approval has been obtained.
This is in accordance with the principles of Bankruptcy, including that in a state of bankruptcy legal acts may only be conducted by or with the approval of the trustee.

Article 19

An application for approval of the amendments to the Articles of Association referred to in Article 15 paragraph (2) shall be rejected if :

(a) it does not comply with the provisions concerning the procedure for amendment of Articles of Association;
(b) the substance of the amendment is contrary to laws and regulations, public order, and/or morality; or
(c) objection is raised by creditors to a decision of a GMS to reduce the capital.

Elucidation of Article 19 : Sufficiently clear.

Article 20

The procedure for submitting applications, granting approval and rejection of amendments to Articles of Association shall be carried out according to the provisions of Article 9.

Elucidation of Article 20 : Sufficiently clear.

Third Part
Registration and Publication

Article 21

(1) The Board of Directors of the company must register in the Register of Companies :

a. the Deed of Incorporation and approval letter of the Minister referred to in Article 7 paragraph (6);

b. the deed of amendment of the Articles of Association and the letter of approval of the Minister referred to in Article 15 paragraph (2); or

c. the deed of amendment of the Articles of Association and the report to the Minister referred to in Article 15 paragraph (3).

(2) Registration in accordance with paragraph (1) must be carried out no later than 30 (thirty) days after ratification or the grant of approval or after the date of receipt of the report.

Elucidation of Article 21:

Paragraph (1):"Register of Companies" means the register of companies referred to in Act No.3 of 1982 concerning Company Registration Obligations.

Paragraph (2):Sufficiently clear.

Article 22

(1) Registration of a company as referred to in Article 21 shall be published in the Supplement

to the State Gazette of the Republic of Indonesia.

(2) An application for publication of the company as referred to in paragraph (1) shall be made by the Board of Directors no later than 30 (thirty) days after registration.

(3) The registration application procedure shall be carried out in accordance with the laws and regulations in force.

Elucidation of Article 22 : Sufficiently clear.

Article 23

As long as the registration and publication as referred to in Articles 21 and 22 have not been carried out, the Board of Directors shall be jointly and severally liable for all the legal acts performed by the company.

Elucidation of Article 23:

Apart from criminal penalties, which are provided for in the Act concerning Company Registration Obligations, this Article provides for civil penalties if the obligations referred to in Articles 21 and 22 are not complied with.

CHAPTER III
CAPITAL AND SHARES

First Part
Capital

Article 24

(1) The authorised capital of the company shall consist of the total nominal value of the shares.

(2) The Shares referred to in paragraph (1) may be issued as registered or bearer shares.

Elucidation of Article 24

Paragraph (1): Sufficiently clear.

Paragraph (2): Registered shares are shares that specify the name of their holder or owner.
Bearer shares are shares that do not specify the name of their holder or owner.

Article 25

(1) The authorised capital of the company must be at least Rp.20,000,000 (twenty million Rupiah).

(2) The law or implementing regulations governing specific business fields may require a different minimum capital than that set out in paragraph (1).

(3) Any change in the amount of capital referred to in paragraph (1) and the amount of and changes to the authorized capital of an Public Company shall be promulgated in a Government Regulation.

Elucidation of Article 25

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): The provisions of this paragraph are needed to anticipate changes in the condition of the economy.

Article 26

(1) At the time of incorporation of the company, at least 25% (twenty five percent) of the capital referred to in Article 25 must have been subscribed.

(2) At least 50 % (fifty percent) of the nominal value of each issued share shall have been paid up in respect of each subscription of capital referred to in paragraph (1).

(3) All issued shares must be fully paid up on ratification of the company with legal proof of payment.

(4) Each of further issues of shares must be fully paid up.

Elucidation of Article 26

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): This provision confirms that from the date of ratification, payment for shares can no longer be made in installments. Paying for shares in installments is only possible before ratification is granted.

Article 27

(1) Payment for shares can be made in cash and/or in any other form.

(2) If payment is made in any other form as referred to in paragraph (1), the appraisal of the price shall be made by an independent expert.

(3) Payment in the form of immovable property must be announced in 2 (two) daily newspapers.

(4) For a Public Company, each issue of shares must be fully paid in cash.

Elucidation of Article 27:

Paragraph (1): Generally shares are paid for in cash. Nevertheless, payment for shares in other forms is not impossible, in the form of tangible or intangible goods that can be valued in money.

Shares shall be paid for at the time of incorporation or after the company has obtained ratification as a legal entity.

Payment for shares in forms other than cash which was made at the time of incorporation shall be inscribed in the Deed of Incorporation. Payments in any other form which are carried out after the company is ratified as a legal entity must be done with the approval of the GMS or of other organs appointed by the GMS.

Payment for shares in any form other than money must be accompanied by details of the value or price, kinds or types, status, domicile and other matters deemed necessary to clarify the payment.

Paragraph (2): "Independent expert" means an individual or legal entity licensed by the government, who by virtue of expertise or knowledge has the ability to appraise the price of the goods.

Paragraph (3): The purpose of the publication of the payment of shares in the form of immovable goods in 2(two) daily newspapers is to make it known to the public and to give the chance to concerned parties to object to the surrender of the immovable goods as payment for shares. The publication concerning the payment of shares in the form of immovable goods shall be made in a daily newspaper in the Indonesian language published or circulated in the company's domicile and a daily newspaper in the Indonesian language circulated nationally. The publication should include the amount of payment of shares in the form of immovable goods and the details thereof as referred to in article 27 paragraph (i). Payment of shares in a form other than in cash shall be registered in the Shareholder Register.

Paragraph (4): Sufficiently clear.

Article 28

(1) A shareholder who has any claim against the company may not set off his right to the claim against his obligation to pay up the price of his shares.

(2) Certain forms of claims other than the claims referred to in paragraph (1) that can be set off against payment for shares, will be further regulated by Government Regulation.

Elucidation of Article 28:

Point (1): Sufficiently clear.

Point (2): "Certain forms of claims" includes "convertible bonds"; other forms of claims in accordance with the development of the business world will be further regulated by Government Regulation.

Article 29

(1) A company shall not issue shares to be owned by itself.

(2) The prohibition on ownership of shares set out in paragraph (1) shall also apply to a subsidiary company in respect of shares issued by its parent company.

Elucidation of Article 29:

In principle, the issue of shares is an effort to raise capital, therefore the obligation to pay for the shares should fall on some other party. For the sake of certainty, this Article provides that the company shall not issue shares to be owned by itself.

The prohibition on owning shares issued by a parent company also applies to the company's subsidiaries.

The prohibition of a subsidiary company owning shares issued by its parent company is based upon the reasoning that ownership of shares by a subsidiary is inseparable from the ownership of the shares by its parent company.

"Subsidiary company" means a company that has a special relationship with another company because of the following :

a. more than 50% (fifty percent) of its shares is owned by the parent company;
b. more than 50% (fifty percent) of the votes in the GMS is controlled by the parent company; and/or
c. control of the operation of the company, the appointment and dismissal of the Board of Directors and Board of Commissioners are significantly influenced by the parent company.

Second Part
Protection of Capital and Assets of a Company

Article 30

(1) A company may re-purchase issued shares provided :

a. it is paid for out of net profit and does not cause the net assets of the company to become less than the amount of capital subscribed plus the reserve fund required pursuant to the provisions of this Act; and
b. the total nominal value of all shares held by the company and its subsidiaries, plus pledged shares held does not exceed 10% (ten percent) of the amount of subscribed shares.

(2) Any acquisition of shares that directly or indirectly contravenes paragraph (1) is void by operation of law and the payment received by the shareholder shall be returned to the company.

(3) The Board of Directors shall jointly and severally be liable for all losses suffered by shareholders in good faith as a result of the cancellation by operation of law referred to in paragraph (2).

Elucidation of Article 30:

Paragraph (1): The re-purchase of a company's shares shall not cause the shares to be withdrawn, except in the case of a reduction of capital.

Letter a: "Net assets" means the net assets according to the latest balance sheet ratified within the last 6 (six) months.
Letter b: Sufficiently clear.

Paragraph (2): As the shareholder is obliged to return the money received, the company is obliged to return the purchased shares to the shareholder.

Paragraph (3): Sufficiently clear.

Article 31

(1) The repurchase of shares referred to in Article 30 paragraph (1) or their further transfer can only be done based upon a resolution of the GMS.

(2) The resolution of the GMS referred to in paragraph (1) is valid if the meeting was attended by shareholders representing at least 2/3 (two-thirds) of all shares with valid voting rights and approved by at least 2/3 (two thirds) of the number of those votes.

Elucidation of Article 31 : Sufficiently clear.

Article 32

(1) The GMS may delegate the authority to give the approval referred to in Article 31 to another organ for a period of not more than 5 (five) years.

(2) The delegation of authority referred to in paragraph (1) may be extended for a period of not more than 5 (five) years each time.

(3) The delegation of authority referred to in paragraph (1) may be revoked by the GMS at any time.

Elucidation of Article 32:

Paragraph (1): Basically, the repurchase of shares may only be done with the approval of the GMS. This article provides for the possibility of delegating the granting of approval to another organ of the company, namely the Board of Directors or Board of Commissioners.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Article 33

(1) Shares which are repurchased by the company as referred to in Article 30, cannot be used to cast votes in a GMS and shall not be counted in determining the required quorum according to the provisions of this Act and/or the Articles of Association.

(2) The shares of a parent company purchased by its subsidiary cannot be used to cast votes in a GMS and shall not be counted in determining the required quorum according to the provisions of this Act and/or the Articles of Association.

Elucidation of Article 33 : Sufficiently clear.

Third Part
Increase in Capital

Article 34

(1) An increase in the share capital of a company can only be done based upon a resolution of a GMS.

(2) The GMS may delegate the authority to give the approval referred to in paragraph (1) to the Board of Commissioners for a period of not more than 5 (five) years.

(3) The delegation of authority referred to in paragraph (2) may be revoked by the GMS at any time.

Elucidation of Article 34:

Paragraph (1): "Capital of a company" means the authorized capital, subscribed capital, and paid-up capital.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Article 35

The resolution of a GMS referred to in Article 34 paragraph (1) is valid if carried out in accordance with the provisions concerning notices of meetings, quorum and the number of votes for amendments to the Articles of Association according to the provisions of this Act and/or the Articles of Association.

Elucidation of Article 35 : Sufficiently clear.

Article 36

(1) If the Articles of Association do not determine otherwise, all shares issued in an increase of capital shall first be offered to every shareholder in proportion to the ownership of shares in the same class of shares.

(2) If the shareholders have not exercised their right to purchase the shares referred to in paragraph (1) within a period of 14 (fourteen) days after the offer the company shall offer them to the employees prior to offering a certain number of shares to other parties.

(3) The provision concerning the offer of shares to employees referred to in paragraph (2) shall be further regulated by Government Regulation.

Elucidation of Article 36:

Paragraph (1): Sufficiently clear.

Paragraph (2): The period of 14 (fourteen) days is applicable to all companies. Therefore, the Articles of Association of a Company shall not provide for a period other than 14 (fourteen) days.

Paragraph (3): Sufficiently clear.

Fourth Part
Reduction in Capital

Article 37

(1) A reduction in the capital of the company may only be made based on a resolution of the GMS conducted in accordance with the provisions of Article 35.

(2) The Board of Directors shall notify all creditors in writing of the resolution referred to in paragraph (1) and announce it in the State Gazette of the Republic of Indonesia and 2 (two) daily newspapers no later than 7 (seven) days after the date of the resolution.

Elucidation of Article 37:

Paragraph (1):"Reduction in the capital of the company" means a reduction in the authorized capital, subscribed capital and paid-up capital.

Paragraph (2):Sufficiently clear.

Article 38

(1) Within 60 (sixty) days of the notification referred to in Article 37 paragraph (2), creditors may submit to the company, with a copy to the Minister, a written objection to the reduction of capital together with the reasons for the objection.

(2) Within 30 (thirty) days of receipt of the objection referred to in paragraph (1) the company shall respond to the objection raised together with the reasons.

(3) If the company rejects the objection or cannot resolve the matter in a manner agreeable to the creditor, then, within 30 (thirty) days from the receipt of the response of the company, the creditor may file a suit with a District Court which has jurisdiction over the domicile of the company.

Elucidation of Article 38:

Paragraph (1): Sufficiently clear.

Paragraph (2): "The reasons" include a guarantee that the company will honour its obligations toward the creditor.

Paragraph (3): Sufficiently clear.

Article 39

(1) The reduction in capital shall take effect after the amendment of the Articles of Association has been approved by the Minister.

(2) The Minister's approval of the amendment of Articles of Association referred to in paragraph (1) shall only be given if :

a. there is no written objection from creditors within the time period referred to in Article 38 paragraph (1);

b. any objection raised by creditors has been met; or

c. the suit of the creditors has been settled by a final and binding court decision.

Elucidation of Article 39: Sufficiently clear.

Article 40

The amendment to the Articles of Association and the approval from the Minister of the reduction of capital shall be registered and published in accordance with the provisions of Article 21 and Article 22.

Elucidation of Article 40: Sufficiently clear.

Article 41

(1) The reduction in capital shall be made proportionately for each share or all shares of the same class of shares.

(2) If there is more than one class of shares, the resolution to reduce the capital may only be passed if it is in accordance with a resolution which has already been passed in a meeting of holders of shares of the class whose rights are affected by the resolution to reduce the capital.

Elucidation of Article 41:

Point (1): *The purpose of this provision is to create a balance among the shareholders, as the result of a capital reduction.*

The withdrawal of share, extinguishes the purchased shares, and so they cannot be re-issued.

Point (2): *Sufficiently clear.*

Fifth Part
Shares

Article 42

(1) The nominal value of a share must be denominated in the currency of the Republic of Indonesia.

(2) Share with no nominal value may not be issued.

(3) Bearer shares may only be issued if the nominal value or the agreed value has been fully paid up.

Elucidation of Article 42: Sufficiently clear.

Article 43

(1) The company must make and keep a Register of Shareholders which shall at least contain :

a. the name and address of the shareholder;
b. the amount, number, and date of acquisition of the shares owned by the shareholder and if more than one class of shares is issued, the class of each such share;
c. the amount paid up on each share;
d. the name and address of the individual or legal entity which has a pledge over shares and the date of acquisition of the pledge; and
e. information concerning the payment for shares in other forms referred to in Article 27 paragraph (2).

(2) In addition to the Register of Shareholders referred to in paragraph (1), the company shall make and keep a Special Register containing information on the ownership of shares in the company and/or in any other company by members of the Board of Directors and the Board of Commissioners and their families and the date on which the shares were acquired.

(3) If the company issues bearer shares, the date, amount and number of the bearer shares issued shall be recorded in the Register of Shareholders and Special Register referred to in paragraph (2).

(4) Every change of share ownership shall also be recorded in the Register of Shareholders and Special Register referred to in paragraphs (1) and (2).

(5) The Register of Shareholders and Special Register referred to in paragraphs (1) and (2) shall be made available for inspection by shareholders at the place of domicile of the company.

Elucidation of Article 43:

Paragraph (1): Sufficiently clear.

Paragraph (2): The special register is one of the sources of information concerning the level of ownership and interest of the management of the company in the company concerned or other companies, so that any conflict of interest that might possibly arise can be minimized.
"Their families" means husband, wife and children.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Article 44

Shareholders shall be given evidence of ownership of the shares which they own.
Elucidation of Article 44:

The evidence of ownership of a bearer share is the share certificate. The evidence of ownership of a registered share shall be given to the parties and established in the Articles of Association as needed.

Article 45

(1) Each share grants to its owner an indivisible right.

(2) If 1 (one) share is owned by more than 1 (one) person, the rights arising from the share can only be exercised by appointing 1 (one) joint representative.

Elucidation of Article 45:

Paragraph (1): This Article provides that shareholders are not permitted to divide the rights to a share according to their own wishes.
Paragraph (2): The division of rights to a share may only be done with the assistance of the company as provided in Article 47. If the Articles of Association permit such

a division the portions shall be called fractions of a share.

Article 46

(1) The Articles of Association shall establish 1 (one) or more classes of shares.

(2) Each share in the same class gives to its holder the same rights.

(3) If there is more than 1 (one) class of shares, the Articles of Association shall establish 1 (one) class as ordinary shares.

(4) Other than the class of shares referred in paragraph (3), the Articles of Association may establish 1 (one) or more classes of shares :

a. with special, qualified, limited or no voting rights;
b. which can be revoked or exchanged for shares of another class after a certain period;
c. which entitle the holder to receive cumulative or non-cumulative dividend payments; and/or
d. which grant the holder priority in receiving dividend payments and the remainder of company assets in the case of liquidation, over the holders of other classes of shares.

Elucidation of Article 46

Paragraph (1): "Classes of Shares" means a group of shares that have common characteristics distinguishing them from other shares which constitute a group of shares in a different class.

Paragraph (2): Sufficiently clear.

Paragraph (3): "Ordinary shares" means shares that give voting rights to adopt resolutions in a GMS concerning all matters related to the management of the company, the right to receive dividends and the remainder of assets in the process of liquidation.

Voting rights held by an ordinary shareholder may also be held by holders of shares of other classes.

Paragraph (4): The various characteristics of the classes of shares do not always indicate that those classes are independent and are mutually exclusive of each other. One class of share may have a composite of 2 (two) or more of the characteristics.

Article 47

(1) The Articles of Association may determine fractions of the nominal share value.

(2) The holder of a fraction of the nominal value of a share shall not be given an individual voting right, unless the holder of a fraction of the nominal value of a share solely or jointly with other holders of a fraction of a nominal value of shares of the same class own a total value equivalent to 1 (one) nominal share of that class.

Elucidation of Article 47:

Paragraph (1): A fraction of a share may only be issued according to a provision of the Articles of Association. The provision of the Articles of Association enabling fractioning of shares does not entitle a shareholder to divided a share into fractions himself.

Paragraph (2): Sufficiently clear.

Article 48

The method of transfer of shares shall be provided in the Articles of Association of the company in accordance with the laws and regulations in force.

Elucidation of Article 48: Sufficiently clear.

Article 49

(1) The transfer of a right to registered shares shall be by deed of transfer.

(2) The deed of transfer referred to in paragraph (1) or a copy thereof shall be delivered in writing to the company.

(3) The Board of Directors shall record the transfer of registered shares, the date and day of the transfer in the Register of Shareholders or the Special Register referred to in Article 43 paragraphs (1) and (2).

(4) The transfer of bearer shares shall be effected by delivering the share certificate.

(5) The form and procedure of transfer of registered shares or bearer shares that are traded on the capital market shall be regulated by the laws and regulations in the field of capital markets.

Elucidation of Article 49:

Paragraph (1): A "deed" means both a notarial deed and a privately drawn-up deed.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Paragraph (5) : Sufficiently clear.

Article 50

The Articles of Association may restrict the transfer of shares, by :

a. the requirement to offer them first to certain groups of shareholders or to other shareholders; and/or

b. the requirement to obtain prior approval of an organ of the company.

Elucidation of Article 50: Sufficiently clear.

Article 51

(1) If the Articles of Association require the shareholder to first offer his shares to a certain group of shareholders or to other shareholders not of his own choosing, the company shall guarantee that all the shares offered will be purchased at a fair price and paid for in cash within 30 (thirty) days calculated from when the offer was made.

(2) If the company cannot guarantee the implementation of the provision referred to in paragraph (1), the shareholder may offer and sell his shares to the employees before offering them to other persons.

(3) Each shareholder who is required to offer his shares as referred to in paragraph (1) shall be entitled to withdraw the offer after the lapse of the period referred to in paragraph (1).

(4) The prior offer of shares to a certain group of shareholders or other shareholders may only be made once.

(5) The provision concerning the offer and sale of shares to employees as referred to in paragraph (2) shall be regulated further by Government Regulation.

Elucidation of Article 51:

Paragraph (1): "Fair price" may means the market price or the price determined by an expert share price appraiser who is independent of the company. The purpose of the establishment of the 30 (thirty) day period is to give certainty that after that period, the shareholders will be entitled to offer the shares to other party.

Paragraph (2): The ownership of shares by employees according to this paragraph does not change the status of the shares into employee shares.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Paragraph (5): Sufficiently clear.

Article 52

(1) The approval or rejection of a transfer of right to shares which requires the approval of an organ of the company must be given in writing not later than 90 (ninety) days from when the organ of the company receives the application for transfer of the right.

(2) If the period referred to in paragraph (1) has elapsed and the organ of the company has not made a written declaration, the organ of the company shall be deemed to have approved the transfer of the right to shares.

(3) If the transfer of registered shares is approved by an organ of the company, it must be carried out in accordance with the provisions of Article 49 and effected no more than 90 (ninety) days from the grant of approval.

(4) If the transfer of shares is rejected, the organ of the company shall appoint another prospective buyer in accordance with the provisions of Article 51 paragraph (1).

(5) If the transfer of shares is rejected as referred to in paragraph (4) but is not accompanied by an appointment, the provisions of paragraph (2) shall apply.

Elucidation of Article 52: Sufficiently clear.

Article 53

(1) Bearer shares may be pledged.

(2) Registered shares may be pledged provided that the Articles of Association do not provide otherwise.

(3) A pledge of shares must be recorded in the Register of Shareholders and the Special Register referred to in Article 43.

(4) The voting rights of pledged shares shall remain with the shareholder.

Elucidation of Article 53:

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): The purpose of this provision is to ensure that the company or other interested parties are aware of the status of the shares.

Paragraph (4): Sufficiently clear.

Article 54

(1) Shares constitute movable property and bestow the right of ownership on the holder.

(2) Each shareholder has the right to lodge a complaint against the company before a District Court, if he is injured by an act of the company that is judged to be unfair and without a proper reason as a result of a decision of the GMS, Board of Directors or Commissioners.

(3) The complaint referred to in paragraph (2) shall be lodged at the District Court which has jurisdiction over the domicile of the company.

Elucidation of Article 54:

Paragraph (1): Ownership of shares as movable goods give the holder property rights. These rights may be defended against any person.

Paragraph (2): In principle, the claim contains a request that the company cease the detrimental action and take certain steps both to overcome the results of the action that has arisen and to prevent similar actions in the future.

Paragraph (3): Sufficiently clear.

Article 55

(1) Every shareholder is entitled to request the company to purchase his shares at a fair price, if the person concerned does not agree with actions of the company that are detrimental to the shareholder or company in the form of :

a. An amendment of the Articles of Association;
b. the sale, placing as security or exchange of most or all of the company's assets; or
c. the consolidation, merger or take-over of the company.

(2) If the shares whose purchase is requested as referred to in paragraph (1) exceed the limit on repurchase of shares by the company referred to in Article 30 paragraph (1), the company shall seek the purchase of the balance of the shares by another party.

Elucidation of Article 55: Sufficiently clear.

CHAPTER IV
ANNUAL REPORT AND
USE OF PROFIT

First Part
Annual Report

Article 56

Within 5 (five) months after the close of the financial year of the company, the Board of Directors shall prepare the annual report for submission to the GMS, containing at least :

a. the annual accounts comprising the final balance sheet of the previous financial year and the profit and loss account of the financial year concerned together with an elucidation of the documents;

b. a combined balance sheet of the companies belonging to one group as well as the balance sheets of each of the companies;

c. a report on the condition and management of the company and the results achieved;

d. the main activity of the company and the changes during the financial year;

e. details of problems arising during the financial year that have affected the company's operations;

f. the name of the members of the Board of Directors and Board of Commissioners;

g. salaries and other remuneration of the members of the Board of Directors and Board of Commissioners;

Elucidation of Article 56:

Letter a: *Sufficiently clear.*

Letter b: *"Combined balance sheet" means the consolidated balance sheet in accordance with prevailing Financial Accounting Standards.*

Letter c: *A forecast of the future development of the company is included in the matters to be reported.*

Letter d: *Sufficiently clear.*

Letter e: *Sufficiently clear.*

Letter f: *Sufficiently clear.*

Letter g: *Sufficiently clear.*

Article 57

(1) The annual report referred to in Article 56 shall be signed by all members of the Board of Directors and Board of Commissioners.

(2) If a member of the Board of Directors or Board of Commissioners does not sign the report referred to in paragraph (1) the reason must be stated in writing.

Elucidation of Article 57:

Point (1): *Sufficiently clear.*

Point (2): *The Annual Report submitted to the GMS must be signed by all the members of the Board of Directors and Board of Commissioners, because this report constitutes a form of their accountability in performing their duties.*
If any member of the Board of Directors or Board of Commissioners does not sign the Annual Report, the reason or cause must be given in writing to the GMS so that the GMS can use it as one of the matters for consideration in appraising the report.

Article 58

(1) The annual accounts shall be prepared in accordance with the Financial Accounting

Standards.

(2) If the Financial Accounting Standards referred in paragraph (1) cannot be implemented properly, an explanation and reasons must be given.

Elucidation of Article 58:

Paragraph (1): "Financial Accounting Standards" means the accounting principles recognized and approved by Indonesian accountants together with the competent government authority.

Paragraph (2): Sufficiently clear.

Article 59

(1) The Board of Directors shall submit the annual accounts of the company to a public accountant to be audited, if :

a. the company's business relates to the raising of public funds ;
b. the company issues an acknowledgement of indebtedness; or
c. the company is a Public Company.

(2) If the obligation referred to in paragraph (1) is not fulfilled, the annual accounts shall not be ratified by the GMS.

(3) The report of the results of the public accountant's audit referred in paragraph (1) shall be submitted in writing to the GMS through the Board of Directors.

(4) The annual accounts referred to in paragraph (1) shall be published in 2 (two) daily newspapers after being approved by the GMS.

Elucidation of Article 59:

Paragraph (1): The obligation to submit the annual accounts to a public accountant for auditing arises from the nature of the company concerned.
The obligation to submit the annual accounts to external control is justified on the assumption that the public's trust should not be betrayed. This is also the case with companies which draw funds from the capital markets for their financing.

Letter a: "A company whose business relates to the raising of public funds" includes banks, insurance and investment funds.

Letter b: "Acknowledgement of indebtedness" include Bonds.

Letter c: Sufficiently clear.

Paragraph (3): This provision confirms that the public accountant concerned is responsible for the result of the audit.

Paragraph (4): See the elucidation of Article 27.

Article 60

(1) The approval of the annual report and the ratification of the annual accounts shall be carried out by the GMS.

(2) The resolution on the approval of the annual report and ratification of the annual accounts referred in paragraph (1) shall be adopted in accordance with the provisions of this Act and/or the Articles of Association.

(3) If the annual accounts documents that are provided are untrue and/or misleading, the members of the Board of Directors and the Board of Commissioners are jointly and severally liable to injured parties.

(4) The members of the Board of Directors and the Board of Commissioners shall be freed from the liability referred to in paragraph (3) if it is proved that the situation was not caused by their fault.

Elucidation of Article 60:

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): The annual accounts 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 correctness of the annual accounts in particular and the annual report in general.

Paragraph (4): Sufficiently clear.

Second Part
Use of Profit

Article 61

(1) Every financial year, the company must allocate a certain amount of the net profit to the reserve fund.

(2) The allocation of net profit referred to in paragraph (1) shall be made until the reserve fund constitutes at least 20% (twenty percent) of the subscribed capital.

(3) A reserve fund as referred to in paragraph (1) that has not reached the amount referred to in paragraph (2) can only be used to cover losses that cannot be covered by other reserves.

(4) Further provisions on the allocation of net profit for the reserve fund and its use will be made by Government Regulation.

Elucidation of Article 61: Sufficiently clear.

Article 62

(1) The use of net profit including the determination of the amount to be allocated to the reserve fund referred to in Article 61 paragraph (1) shall be decided by the GMS.

(2) If the GMS does not determine otherwise, all net profit after deducting the allocation to the reserve fund referred to in Article 61 paragraph (1) shall be distributed to the shareholders as dividends.

(3) After 5(five) years, dividends that have not been claimed shall be transferred to a reserve created for that purpose.

(4) The claiming of dividends referred to in paragraph (3) shall be regulated in the Articles of Association.

Elucidation of Article 62:

Paragraph (1): Based on this provision, the GMS may determine that part or all of the net profit shall be used for the distribution of dividends to the shareholders, or other distributions, such as profit-sharing schemes for the Board of Directors and Board of Commissioners, bonuses for the employees, social reserve funds, etc., or allocation of the net profit in the company's reserve, which inter alia is intended for the expansion of the company's business.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

CHAPTER V
GENERAL MEETING OF SHAREHOLDERS

Article 63

(1) The GMS has all authority that is not granted to the Board of Directors or the Board of Commissioners, within the limits determined by this Act and/or the Articles of Association.

(2) The GMS is entitled to obtain from the Board of Directors and/or the Board of Commissioners all information that is relevant to the interests of the company.

Elucidation of Article 63: Sufficiently clear.

Article 64

(1) The GMS shall be held at the place of domicile of the company or the place where it carries on its business activities, unless otherwise provided in the Articles of Association.

(2) The place referred to in paragraph (1) must be situated within the territory of the Republic of Indonesia.

Elucidation of Article 64:

Paragraph (1): The Articles of Association may determine a place for holding the GMS outside the company's domicile.

Paragraph (2): Sufficiently clear

Article 65

(1) GMS comprise the annual GMS and GMS other than the annual GMS.

(2) The annual GMS shall be held no later than 6 (six) months after the financial year.

(3) At the annual GMS, all the company documents referred to in Article 56 must be submitted.

(4) GMS other than the annual GMS may be held at any time as necessary.

Elucidation of Article 65: Sufficiently clear.

Article 66

(1) The Board of Directors shall hold an annual GMS and shall be authorised to hold GMS other than the annual GMS in the interests of the company.

(2) A GMS as referred to in paragraph (1) may also be convened at the request of 1 (one) or more shareholders who together represent 1/10 (one-tenth) of all shares with valid voting rights, or a smaller number prescribed in the Articles of Association of the company concerned.

(3) The request referred to in paragraph (2) together with the reasons therefor shall be submitted to the Board of Directors or Board of Commissioners by registered letter.

(4) The GMS referred to in paragraph (2) may only discuss matters related to the reasons referred to in paragraph (3).

Elucidation of Article 66: Sufficiently clear.

Article 67

(1) The President of the District Court the jurisdiction of which covers the domicile of the company may authorize an applicant to :

a. convene an annual GMS himself, upon request of a shareholder if the Board of Directors or Board of Commissioners does not hold an annual GMS at the appointed time; or

b. convene a GMS other than an annual GMS himself, upon the request of a shareholder as referred to in Article 66 paragraph (2), if the Board of Directors or Board of Commissioners fails to convene GMS other than the annual GMS after 30(thirty) days have elapsed after the request.

(2) The President of the District Court referred to in paragraph (1) may determine the form, contents, and period of notice of the GMS and appoint the chairman of the GMS without being bound by the provisions of this Act or the Articles of Association.

(3) If the GMS is held as referred to in paragraph (1), the President of the District Court may order the Board of Directors and/or Board of Commissioners to be present.

(4) The decision of the District Court on the authorization referred to in paragraph (1) constitutes a decision of the first and last instance.

Elucidation of Article 67:

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.
Paragraph (3): Sufficiently clear.

Paragraph (4): The purpose of this provision is to avoid delay in the holding of a GMS.

Article 68

(1) To hold a GMS, the Board of Directors shall give notice to the shareholders.

(2) In certain matters prescribed by the Articles of Association, the notice of GMS referred to in paragraph (2) may be given by the Board of Commissioners.

Elucidation of Article 68:

Paragraph (1): Sufficiently clear.

Paragraph (2): It is the Board of Directors' obligation to call a GMS. However, if the Board of Directors is unable to do so or there is a conflict of interest between the Board of Directors and the company, the Board of Commissioners may call for a GMS.

Article 69

(1) Notice of a GMS must be given at least 14 (fourteen) days before the GMS is held.

(2) Notice of a GMS shall be given by registered letter.

(3) Notice of a GMS of a Public Company shall be given in 2 (two) daily newspapers.

(4) The notice of the GMS shall contain the date, time, place, and the agenda of the meeting together with a notification that the materials to be discussed in the GMS are available at the offices of the company from the day notice of the GMS is given up to and including the day on which the GMS is held.

(5) The company shall give copies of the materials referred to in paragraph (4) to shareholders free of charge.

(6) If the notice is not in accordance with the provisions of paragraph (1) and paragraph (2), resolutions shall remain valid if the GMS is attended by all shareholders representing shares with valid voting rights and is agreed unanimously.

Elucidation of Article 69:

Paragraph (1): Sufficiently clear.

Paragraph (2): The purpose of this provision is to ensure that notices has been given and sent to the addresses of the shareholders.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Paragraph (5): Sufficiently clear.

Paragraph (6): Sufficiently clear.

Article 70

(1) For a Public Company, before notice of a GMS is given, there must be an announcement in two daily newspapers.

(2) The announcement referred to in paragraph (1) must be made at least 14 (fourteen) days before notice of a GMS.

Elucidation of Article 70:

Paragraph (1): The purpose of the announcement is to enable the shareholders to propose to the Board of Directors additional items for the agenda of the GMS.

Paragraph (2): Sufficiently clear.

Article 71

(1) Shareholders with valid voting rights are entitled to attend a GMS and exercise their voting rights either in person or by written power of attorney.

(2) In voting the members of the Board of Directors, the Board of Commissioners and employees of the company concerned are prohibited from acting as proxy for a shareholder as referred to in paragraph (1).

Elucidation of Article 71: Sufficiently clear.

Article 72

(1) Every issued share has one vote unless the Articles of Association provide otherwise.

(2) Shares in the company which are owned by the company itself have no voting rights.

(3) Shares of a company which are owned by its subsidiary also have no voting rights.

Elucidation of Article 72:

Paragraph (1): The provisions of this paragraph are in line with the provisions of Article 46, namely that the company may issue one or more classes of shares.

The freedom to issue several classes of shares makes it possible to give or not to give voting rights to the shares issued, including a variation of the voting right itself.
If the Articles of Association do not provide for this, then it may be assumed that each share has one voting right.

Paragraph (2): With this provision the shares of the company owned by the company, whether directly or indirectly, have no voting rights and cannot be counted in determining the quorum.

Paragraph (3): Sufficiently clear.

Article 73

(1) A GMS may be held if it is attended by shareholders representing more than 1/2 (one-half) of the total number of shares with valid voting rights, unless this Act or the Articles of Association provide otherwise.

(2) If the quorum referred to in paragraph (1) is not reached, a second notice of the GMS shall be given.

(3) The notice referred to in paragraph (2) must be given no later than 7 (seven) days before the second GMS is held.

(4) The second GMS shall be held not less than 10 (ten) days and not more than 21 (twenty-one) days after the first GMS.

(5) The second GMS referred to in paragraph (4) is valid and entitled to pass resolutions if attended by shareholders who together represent at least 1/3 (one-third) of the total number of shares with valid voting rights.

(6) If the quorum for the second GMS referred to in paragraph (5) is not reached, at the request of the company, the quorum shall be determined by the President of the District Court.

Elucidation of Article 73:

Paragraph (1): Deviations from the provisions of Article 73 paragraph (1) are only permitted in

matters determined by this Act. The Articles of Association may not provide for a smaller quorum than the one required by this Act.

Paragraph (2): Because this GMS notice is the result of the failure to reach a quorum in the first GMS, the agenda of the second GMS must be the same as the agenda for the first GMS.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Paragraph (5): Sufficiently clear.

Paragraph (6): If the President of the District Court is absent, the determination shall be made by another official who represents the President.

Article 74

(1) Resolutions of the GMS shall be adopted based upon deliberation in order to reach consensus.

(2) If resolution based upon deliberation to reach consensus as referred to in paragraph (1) is not reached, the resolution shall be adopted based upon a simple majority of the total number of votes validly cast unless this Act and/or the Articles of Association prescribe that the resolution must be adapted based upon more votes than a simple majority.

Elucidation of Article 74:

In principle, all GMS decisions must be reached through deliberation in order to reach consensus. If deliberation in order to reach consensus fails, the GMS decision may be reached through voting with majority vote. Generally, the majority vote needed is a simple majority, that is the number of votes which is greater than other groups of votes without being required to reach more than half of all votes in the voting. However, in certain matters where the GMS decision is related to matters that are fundamental to the existence, continuation or nature of the company, this Act or the Articles of Association may determine a majority vote that is greater than a simple majority, namely an absolute majority or a

qualified/special majority. Absolute majority means a number of votes that exceeds 1/2(half) of all the votes in the voting.
A qualified/special majority is a specifically determined number of votes, for example, 2/3(two-thirds), 3/4(three-quarters), 3/5(three-fifths) etc.

Article 75

(1) A resolution of the GMS amending the Articles of Association shall be valid if attended by shareholders representing at least 2/3 (two-thirds) of the total number of shares with valid voting rights and approved by at least 2/3 (two-thirds) of the number of votes.

(2) If the quorum referred to in paragraph (1) is not reached, in the second GMS, the resolution is valid if shareholders representing at least 2/3 (two-thirds) of the total number of shares with valid voting rights are present and the resolution is approved by a majority of those votes.

Elucidation of Article 75: Sufficiently clear.

Article 76

In the cases of consolidation, merger, acquisition, bankruptcy and liquidation of the company, a resolution of a GMS is valid if attended by shareholders representing at least 3/4 (three-quarters) of shares with valid voting rights and approved by at least 3/4 (three-quarters) of that number of votes.

Elucidation of Article 76: Sufficiently clear.

Article 77

Minutes shall be made for every GMS and signed by the chairperson and at least 1 (one) shareholder appointed from among and by the participants of the GMS.

Elucidation of Article 77 :

The purpose of the signing by 1(one) shareholder appointed from among and by the participants of the GMS is to ensure the accuracy and correctness of the minutes of the GMS.

If the minutes of the GMS are prepared by a Notary, then there is no such obligation to sign.

Article 78

(1) The Articles of Association of a company may provide that resolutions of the GMS can be adopted other than in a meeting.

(2) If the Articles of Association make such a provision as referred to in paragraph (1), the resolution may be adopted if all shareholders with valid voting rights have agreed in writing both to the manner of the resolution and the resolution adopted.

Elucidation of Article 78 :

Paragraph (1) : *The adoption of a GMS resolution by "other means" is a resolution adopted by sending to all shareholders written proposals to be determined and this resolution shall only be valid if all shareholders agree in writing to the manner of adoption of the resolution and proposals. This other method is not applicable to companies that issue bearer shares.*

Paragraph (2) : *Sufficiently clear.*

CHAPTER VI
BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

First Part

Board of Directors

Article 79

(1) The management of the company shall be carried out by the Board of Directors.

(2) Companies whose field of business is to raise public funds, companies which issue an acknowledgment of indebtedness, or Public Companies must have at least 2 (two) members of the Board of Directors.

(3) The persons who are eligible for appointment as members of the Board of Directors are persons who have legal capacity and have never been declared bankrupt or been a member of a Board of Directors or Board of Commissioners that has been declared guilty of causing a company to be declared bankrupt, or been convicted for a criminal act that caused financial loss to the state within the 5 (five) year period before the appointment.

Elucidation of Article 79 :

Paragraph (1): This Article assigns to the Board of Directors the task of managing the company which includes the day-to-day management of the company.

Paragraph (2): Sufficiently clear.

Paragraph (3): The 5(five) year period is calculated from when the person concerned was declared guilty of causing the bankruptcy of the company or if the person was sentenced, from when he completed his sentence.

Article 80

(1) Members of the Board of Directors are appointed by the GMS.

(2) The first appointment shall be made by inscribing the composition of the Board of Directors and the names of the members in the Deed of Incorporation referred to in Article 8 paragraph (1) letter b.

(3) Members of the Board of Directors shall be appointed for a certain period with the possibility of reappointment.

(4) The Articles of Association shall regulate the procedure for the nomination, appointment and dismissal of members of the Board of Directors without prejudice to the rights of shareholders in the nomination.

Elucidation of Article 80: Sufficiently clear.

Article 81

(1) The regulations concerning the division of tasks and authorities of every member of the Board of Directors and the type and amount of remuneration of the Board of Directors shall be decided by the GMS.

(2) The Articles of Association may provide that the authority of the GMS referred to in paragraph (1) shall be carried out by the Board of Commissioners on behalf of the GMS.

Elucidation of Article 81: Sufficiently clear.

Article 82

The Board of Directors is fully responsible for the management of the company in the interests and for the purposes of the company and shall represent the company in and out of court.

Elucidation of Article 82: Sufficiently clear.

Article 83

(1) If the members of the Board of Directors comprise more than 1 (one) person, each member of the Board of Directors has authority to represent the company unless otherwise provided in this Act or the Articles of Association.

(2) The Articles of Association may limit the authority of the Board of Directors referred to in paragraph (1).

Elucidation of Article 83:

Paragraph (1): This law uses the collegial representation system, but for practical purposes, each member of the Board of Directors is entitled to represent the company.

Paragraph (2): Sufficiently clear

Article 84

(1) The member(s) of the Board of Directors shall have no authority to represent the company if :

a. there is a case in court between the company and the member(s) of the Board of Directors concerned; or

b. the member(s) of the Board of Directors concerned has/have conflicting interests with the interests of the company.

(2) The Articles of Association shall stipulate who shall represent the company in the circumstances referred to in paragraph (1).

(3) If the Articles of Association do not make the stipulation referred to in paragraph (2), the GMS shall appoint 1 (one) or more shareholders to represent the company.

Elucidation of Article 84 : Sufficiently clear

Article 85

(1) Every member of the Board of Directors shall carry out his duty in good faith and with full responsibility in the interests and for the business of the company.

(2) Every member of the Board of Directors is fully and personally liable if the person concerned is at fault or negligent in carrying out his duties in accordance with the provisions referred to in paragraph (1).

(3) In the name of the company, shareholders representing at least 1/10 (one-tenth) of all shares with valid voting rights may lodge a complaint at the District Court against a member of the Board of Directors whose fault or negligence caused losses to the company.

Elucidation of Article 85:

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3); If an action of the Board of Directors is detrimental to the company, any shareholders who fulfill the requirements stipulated in this paragraph may represent the company in filing a claim or legal action against the Board of Directors with the court.

Article 86

(1) The Board of Directors shall :

a. compile and maintain a Register of Shareholders, minutes of GMS and minutes of meetings of the Board of Directors: and
b. maintain the bookkeeping of the company.

(2) The Register of Shareholders, minutes and bookkeeping as referred to in paragraph (1) shall be kept at the company's domicile.

(3) At the written request of a shareholder, the Board of Directors shall permit a shareholder to examine and obtain a copy of the Register of Shareholders, minutes and bookkeeping referred to in paragraph (1).

Elucidation of Article 86 :

Paragraph (1): Letter a: The Register of Shareholders shall be made in accordance with the provisions of Article 43.

Letter b: Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Article 87

Members of the Board of Directors shall report to the company concerning their ownership and/or the ownership of their families in shares of the company and other companies.

Elucidation of Article 87:

Every change in the share ownership shall also be reported. The report of the Board of Directors to this effect shall be recorded in the special register referred to in Article 43 paragraph (2).
For the meaning of "their family", see the elucidation of Article 43 paragraph (2).

Article 88

(1) The Board of Directors shall request approval from a GMS to transfer or use as security all or a significant part of the assets of the company.
(2) The legal act referred to in paragraph (1) shall not be to the detriment of third parties acting in good faith.

(3) A resolution of a GMS to transfer or use as security all or a significant part of the assets of the company shall be valid if attended by shareholders representing at least 3/4 (three-quarters) of the total number of shares with valid voting rights and approved by at least 3/4 (three-quarters) of the total number of such votes.

(4) The legal act referred to in paragraph (1) shall be published in 2 (two) daily newspapers no later than 30 (thirty) days after such action is taken.

Elucidation of Article 88: Sufficiently clear.

Article 89

The Board of Directors may give a written power of attorney to 1 (one) or more employees of the company to perform certain legal acts for and on behalf of the company.

Elucidation of Article 89: Sufficiently clear.

Article 90

(1) The Board of Directors may only submit an application to the District Court to declare the company bankrupt on the basis of a resolution of a GMS.

(2) If the bankruptcy occurs due to the fault or negligence of the Board of Directors and the assets of the company are not sufficient to cover the losses arising as the result of the bankruptcy, every member of the Board of Directors shall be jointly and severally liable for such losses.

(3) A member of the Board of Directors who can prove that the bankruptcy is not due to his fault or neglect will not be jointly and severally liable for such losses.

Elucidation of Article 90: Sufficiently clear.

Article 91

(1) A member of the Board of Directors may be dismissed at any time based upon a resolution of a GMS mentioning the reasons therefor.

(2) The resolution to dismiss a member of the Board of Directors referred to in paragraph (1) can only be adopted after the person concerned has been given the opportunity to defend himself at the GMS.

(3) With the resolution of dismissal referred to in paragraph (2), his status as a member of the Board of Directors is terminated.

Elucidation of Article 91:

Paragraph (1): Sufficiently clear.

Paragraph (2): If the person concerned is not present, the GMS may dismiss him in his absence.

Paragraph (3): Sufficiently clear.

Article 92

(1) A member of the Board of Directors may be suspended by the GMS or the Board of Commissioners by stating its reasons.

(2) The suspension referred to in paragraph (1) shall be notified in writing to the member of the Board of Directors concerned.

(3) The suspended member of the Board of Directors referred to in paragraph (1) has no authority to carry out his duties.

(4) No later than 30 (thirty) days after the date of the suspension a GMS must be held.

(5) At the GMS referred to in paragraph (4) the member of the Board of Directors concerned shall be given an opportunity to defend himself.

(6) The GMS may revoke the suspension decision or dismiss the member of the Board of Directors concerned.

(7) If within 30 (thirty) days a GMS is not held as referred to in paragraph (4), the suspension

shall be void.

Elucidation of Article 92:

Paragraph (1): Considering that a dismissal may only be carried out at a GMS which takes time to convene, in the interest of the company it cannot wait until a GMS is convened. Therefore it is fair for the Board of Commissioners as a supervisory organ to be given the authority to carry out the suspension.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): The notice of the GMS shall be made by the organ of the company carrying out the temporary suspension.

Paragraph (5): Sufficiently clear.

Paragraph (6): Sufficiently clear.

Paragraph (7): Sufficiently clear.

Article 93

The Articles of Association shall provide for the temporary filling of vacancies occurring on the Board of Directors or if the Board of Directors is suspended or unavailable.

Elucidation of Article 93 : Sufficiently clear.

Second Part

The Board of Commissioners

Article 94

(1) The company shall have a Board of Commissioners whose authority and obligations shall be set out in the Articles of Association.

(2) A company, the business of which is the raising of public funds, a company which issues

acknowledgements of indebtedness and a Public Company must have at least 2 (two) Commissioners.

(3) If there are more than 1 (one) Commissioner, they should form a board.

Elucidation of Article 94

Point (1): The word "Commissioners" has the meaning of both an "organ" and "individuals". As an "organ", the Commissioners are customarily referred to as the "Board of Commissioners", whereas as "individuals" they are referred to as "member(s) of the Board of Commissioners".
As an "organ" in this Act, the meaning of "Board of Commissioners" also includes other institutions that carry out the duty of supervision in certain fields.

Point (2): For a company that raises funds from the public, more supervision is needed because the public interest is concerned.

Point (3): Unlike the Board of Directors, if there is more than 1(one) Commissioner, then as a board, the members of the Board of Commissioners may not act alone in representing the company.

Article 95

(1) The Board of Commissioners shall be appointed by a GMS.

(2) The first Board of Commissioners shall be appointed by inscribing the composition and names of the members of the Board of Commissioners in the Deed of Incorporation referred to in Article 8 paragraph (1) letter b.

(3) The Board of Commissioners shall be appointed for a certain period with the possibility of reappointment.

(4) The Article of Association shall provide for the procedure for nomination, appointment, and dismissal of members of the Board of Commissioners without prejudice to the rights of the shareholders in the nomination.

Elucidation of Article 95: Sufficiently clear.

Article 96

Those who can be appointed as Commissioners are individuals with legal capacity who have never been declared bankrupt or been a member of a Board of Directors or Board of Commissioners that has been declared guilty of causing a company to be declared bankrupt or been convicted for a criminal act that caused financial losses to the state in the 5 (five) year period before the appointment.

Elucidation of Article 96: See elucidation of Article 79 paragraph (3).

Article 97

The Board of Commissioners has the duty of supervision over the Board of Directors' policy in the running of the Company and giving advice to the Board of Directors.

Elucidation of Article 97 : Sufficiently clear.

Article 98

(1) The Board of Commissioners shall in good faith and with full responsibility carry out its tasks in the interest and for the business of the company.

(2) On behalf of the company, shareholders representing at least 1/10 (one-tenth) of the total number of shares with valid voting rights may lodge a claim at the District Court against a Commissioner who because of his fault or negligence has caused losses to the company.

Elucidation of Article 98: Sufficiently clear.

Article 99

The Board of Commissioners shall report to the company concerning their ownership and/or the ownership of their families of the shares of the company or other companies.

Elucidation of Article 99:

Every changes in the share ownership shall also be reported. The report of the Board of Commissioners concerning this matter shall be recorded in the special list referred to in Article 43 paragraph (2).
For elucidation of "their family", see the elucidation of Article 43 paragraph (2).

Article 100

(1) The Articles of Association may authorize the Board of Commissioners to give approval or assistance to the Board of Directors in carrying out certain legal acts.

(2) Based upon the Articles of Association or a resolution of a GMS, the Board of Commissioners may perform acts of management of the company in certain situations for a certain period.

(3) All provisions concerning rights, authorities and obligations of the Board of Directors to the company and third parties shall apply to a Commissioner who in certain situations for a certain period performs acts of management as referred to in paragraph (2).

Elucidation of Article 100

Paragraph (1): Sufficiently clear.

Paragraph (2): This provision give to the Board of Commissioners the authority to carry out the management of the company, which actually may only be performed by the Board of Directors, in the event that there is no Board of Directors. If there is a Board of Directors, the Board of Commissioners may only perform certain acts that are expressly provided for in this Act.

Paragraph (3): Sufficiently clear.

Article 101

(1) A member of the Board of Commissioners may be dismissed or suspended by the GMS.

(2) The provisions concerning the dismissal and suspension of members of the Board of Directors referred to in Article 91 and Article 92 paragraph (2), paragraph (3), paragraph (4), paragraph (5), paragraph (6), and paragraph (7) also apply to the Board of Commissioners.

Elucidation of Article 101: Sufficiently clear .

CHAPTER VII
CONSOLIDATION, MERGER AND ACQUISITION

Article 102

(1) One or more companies may consolidate with an existing company or merge with another company and form a new company.

(2) The plan for consolidation or merger referred to in paragraph (1) shall be set out in a Consolidation or Merger Proposal jointly composed by the Boards of Directors of the companies intending to consolidate or merge and containing at least:

a. the name of the companies intending to consolidate or merge;

b. the reasons and explanations of the respective Boards of Directors of the companies intending to consolidate or merge and the terms of the consolidation or merger;

c. the procedure for the conversion of shares of the companies intending to consolidate or merge into shares of the company resulting from the consolidation or merger;

d. draft amendments of the Articles of Association of the company resulting from the consolidation, if any, or draft Deed of Incorporation of the new companies resulting from the merger;

e. the balance sheet and profit and loss statement, covering the last 3 (three) financial years of all the companies intending to consolidate or merge; and

f. other matters which the shareholders of the companies need to know.

(3) The consolidation or merger referred to in paragraph (1) may only be carried out if the Consolidation or Merger Proposal referred to in paragraph (2) is approved by the GMS of each of the companies.

Elucidation of Article 102:

Paragraph (1): Sufficiently clear.

Paragraph (2): Letter a: Sufficiently clear.

Letter b: Sufficiently clear.

Letter c: Apart from the ratio of the share conversion, the amount of

money payable to shareholders of the consolidating or merging companies shall also be included In the procedure for the conversion of the shares. The payment of the money to shareholders of the consolidating or merging companies is a form of compensation to the shareholders who do not want the consolidation or merger. In the event of payment to such shareholders in the form of money, the price of the shares according to their fair value must be taken into account.

Letter d: *Sufficiently clear.*

Letter e: *Sufficiently clear.*

Letter f: *Sufficiently clear.*

Paragraph (3): Sufficiently clear

Article 103

(1) The acquisition of a company may be carried out by a legal entity or an individual.

(2) The acquisition referred to in paragraph (1) may be carried out by acquiring all or a substantial part of the shares, which may result in the transfer of control of the company.

(3) If the acquisition is carried out by a company, the following provisions shall apply:

a. The acquisition plan shall be set out in an Acquisition Proposal prepared by the Boards of Directors of the acquiring company and the company to be acquired and containing at least :

1) the name of the acquiring company and the company to be acquired; and
2) the reasons and explanation of the Board of Directors of the companies concerning the terms and procedure of the acquisition of the shares of the acquired company.

b. The acquisition shall be carried out with the approval of the companies' GMS of the Acquisition Proposal submitted by the Board of Directors of each of the companies.

(4) If the acquisition is carried out by a legal entity that is not a company, the following provisions shall apply :

a. The acquisition plan shall be set out in an Acquisition Proposal prepared by the Board of Directors of the company to be acquired and the Managing Board of the acquiring legal entity which is not a company and shall containing at least :

1) the name of the company to be acquired and of the acquiring legal entity which is not a company; and

2) the reasons and explanation of the Board of Directors of the company to be acquired and of the Managing Board of the acquiring legal entity which is not a company concerning the terms and procedure of the acquisition of the shares of the acquired company.

b. The acquisition shall be carried out with the approval of the GMS of the acquired company and the approval of the Members or the Managing Board of the acquiring legal entity which is not a company.

(5) If the acquisition is carried out by an individual, the following provisions shall apply:

a. The acquisition plan shall be set out in an Acquisition Proposal prepared by the Board of Directors of the company to be acquired and the acquiring individual and shall contain at least :

1) the name of the company to be acquired and the acquiring individual; and
2) the reasons and explanation of the Board of Directors of the company to be acquired concerning the terms and procedure of the acquisition of the shares.

b. The acquisition shall be carried out with the approval of GMS of the company to be acquired of the Acquisition Proposal submitted by the Board of Directors of the company to be acquired and the acquiring individual.

(6) The provision referred to in paragraph (1) does not restrict a legal entity or individual from

acquiring shares of other companies directly from the shareholders.

Elucidation of Article 103:

The acquisition referred to in this Article does not prejudice the provisions of Article 7.

Article 104

(1) In carrying out the legal acts of consolidation, merger, and acquisition the company shall consider :

a. the interests of the company, minority shareholders and the employees of the company; and

b. the interests of society and fair competition in carrying on business.

(2) The consolidation, merger, and acquisition of the company does not affect the rights of minority shareholders to sell their shares at a fair price.

Elucidation of Article 104 :

Paragraph (1): This provision affirms that consolidation, merger, and acquisition cannot be carried out if it will be detrimental to the interests of certain parties.
Furthermore in consolidation, merger and acquisition, the emergence of monopolies or monopsonies in their various forms which are harmful to society, must be prevented.

Paragraph (2): A minority shareholder has the right to sell his shares at a fair price. If that cannot be carried out, the minority shareholder may disapprove of the plan for consolidation, merger and acquisition submitted by the Board of Directors and exercise their rights referred to in Article 55.

Article 105

(1) A resolution of a GMS concerning consolidation, merger, and acquisition is valid if adopted in accordance with the provisions of Article 74 paragraph (1) and Article 76.

(2) The Board of Directors shall publish the plan for consolidation, merger, and acquisition of the company not later than 14 (fourteen) days before the notice of GMS.

Elucidation of Article 105:

Paragraph (1): Sufficiently clear.

Paragraph (2): The purpose of publication here is to give the parties concerned the opportunity to be informed of the plan. If they feel their interests may be harmed if the plan is carried out, they can take certain steps to defend their interests.

Article 106

(1) A consolidation proposal that has been approved by a GMS shall be attached to the application for amendment of the Articles of Association for approval by the Minister as referred to in Article 15 paragraph (1).

(2) A consolidation proposal that has been approved by a GMS whether or not accompanied by an amendment of the Articles of Association shall be reported to the Minister as referred to in Article 15 paragraph (3).

(3) A merger proposal that has been approved by a GMS shall be attached to the application for approval of the Deed of Incorporation of the company resulting from the merger for approval by the Minister as referred to in Article 7 paragraph (6).

(4) An acquisition proposal that has been approved by a GMS shall be reported to the Minister as referred to in Article 15 paragraph (3).

(5) The provisions stated in Article 21 and Article 22 shall also apply to consolidation, merger and acquisition of a company.

Elucidation of Article 106: Sufficiently clear.

Article 107

(1) If a consolidation or merger occurs, the company which consolidated or merged shall be dissolved.

(2) The dissolution of the company referred to in paragraph (1) may be carried out with or without prior liquidation.

(3) if the company dissolution referred to in paragraph (1) is not preceded by liquidation:

a. the assets and liabilities of the consolidated or merged company shall by operation of law be transferred to the company resulting from the consolidation or merger; and

b. the shareholders of the consolidated or merged company shall become shareholders in the company resulting from the consolidation or the merger.

Elucidation of Article 107 : Sufficiently clear.

Article 108

(1) The Board of Directors of the company resulting from the consolidation or merger shall publish the result of the consolidation or merger in 2 (two) daily newspapers not later than 30 (thirty) days after the consolidation or merger is completed.

(2) The provisions of paragraph (1) shall also apply to the Board of Directors of the acquiring company as referred to in Article 103 paragraph (1).

Elucidation of Article 108:

The purpose of publication is to inform interested third parties that the consolidation, merger or acquisition has taken place.
In this case, the publication shall be made no later than 30(thirty) days calculated from the date :

a. of the approval of the Minister of Justice of the amendment of the Articles of Association in the event of a consolidation ;
b. of receipt by the Minister of the report, both where there is an amendment of the Articles of Association as referred to in Article 15 paragraph (3) and where no amendment of the Articles of Association is attached;
c. of approval by the Minister of the Deed of Incorporation of the company in the event of a merger.

Article 109

The provisions concerning consolidation, merger, and acquisition shall be further regulated by Government Regulation.

Elucidation of Article 109: Sufficiently clear.

CHAPTER VIII
INVESTIGATION OF THE COMPANY

Article 110

(1) An investigation of the company may be carried out with the aim of obtaining data or information if there is reason to suspect that :

a. the company has committed an unlawful act which is detrimental to the shareholders or to a third party; or

b. a member of the Board of Directors or the Board of Commissioners has committed an unlawful act which is detrimental to the shareholders or to a third party.

(2) The investigation referred to in paragraph (1) shall be carried out by submitting a written application together with the reasons therefor to the District Court the jurisdiction of which includes the company's domicile.

(3) The application referred to in paragraph (2) may only be submitted by :

a. a shareholder in his own name or in the name of the company if representing at least 1/10 (one-tenth) of the total number of shares with valid voting rights;

b. other parties who are authorized by the Articles of Association of the company or an agreement with the company to submit a request for investigation ; or

c. the Public Prosecutor's office representing the public interest.

Elucidation of Article 110:

Paragraph (1): Prior to carrying out this action the applicant should have directly requested from the company the data or information he requires. If the company refuses or disregards the request, then the Act provides this remedy as a way out.

Paragraph (2): Sufficiently clear.

Paragraph (3): Letter a : Sufficiently clear.
Letter b : Sufficiently clear.
Letter c : Sufficiently clear.

Article 111

(1) The President of the District Court has the right to refuse or grant the application referred in Article 110.

(2) The President of the District Court as referred to in paragraph (1) shall refuse the application if it is not based upon proper reasons.

(3) If the application is granted, the President of the Court shall issue an order to investigate and appoint not more than 3 (three) experts to carry out the investigation.

(4) No member of the Board of Directors or Board of Commissioners, employee of the company, or public accountant appointed as referred to in Article 59 paragraph (1) may be appointed as one of the experts referred to in paragraph (3).

(5) The investigators have the right to examine all documents and assets of the company as deemed necessary.

(6) The Board of Directors, Board of Commissioners, and all employees of the company shall provide all information necessary for carrying out the investigation.

(7) The investigators shall not disclose the results of the investigation to other parties.

Elucidation of Article 111

Paragraph (1): Sufficiently clear.

Paragraph (2): Sufficiently clear.

Paragraph (3): "Expert" means a person who has expertise in the field under investigation.

Paragraph (4): Sufficiently clear.

Paragraph (5): "Documents" means all the books, records, and letters related to the activities of the company.

Paragraph (6): Sufficiently clear.

Paragraph (7): Sufficiently clear.

Article 112

(1) The report on the results of the investigation shall be delivered by the investigators to the

President of the District Court.

(2) The President of the District Court shall only give a copy of the results of the investigation to the applicant and to the company concerned.

Elucidation of Article 112: Sufficiently clear.

Article 113

(1) If the application for an investigation is granted, the President of the Court shall determine the maximum cost of the investigation.

(2) The cost shall be borne by the company.

(3) The President of the District Court may at the request of the company provide for the reimbursement of all or part of the investigation cost referred to in paragraph (2) by the applicant, members of the Board of Directors and/or Board of Commissioners.

Elucidation of Article 113

Paragraph (1): In determining the investigation fee for the investigators, the President of the District Court shall base it on the expertise of the investigator and within the limit of the company's capacity.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

CHAPTER IX
DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 114

The company shall be dissolved by reason of :

a. a resolution of a GMS;
b. expiry of the term of incorporation contained in the Articles of Association;
c. a Court order.

Elucidation of Article 114 : Sufficiently clear.

Article 115

(1) The Board of Directors may submit a proposal for the dissolution of the company to the GMS.

(2) The resolution of a GMS concerning the dissolution of the company is valid if reached in accordance with the provisions of Article 74 paragraph (1) and Article 76.

(3) The company shall be dissolved at the time resolved in the resolution of the GMS.

(4) The dissolution of the company referred to in paragraph (3) shall be followed by liquidation by a liquidator.

Elucidation of Article 115 : Sufficiently clear.

Article 116

(1) If the company is dissolved because of the expiry of the term of incorporation contained in the Articles of Association, the Minister may extend the term at the request of the Board of Directors.

(2) The request to extend the term referred to in paragraph (1) may only be made on the basis of a resolution of a GMS attended by shareholders representing at least 3/4 (three-quarters) of the total number of shares with valid voting rights and approved by at least 3/4 (three-quarters) of that number of votes.

(3) The request to extend the term referred to in paragraph (1) and the application for approval of amendments to the Articles of Association shall be submitted to the Minister no later than 90 (ninety) days before the term of incorporation of the company expires.

(4) The decision of the Minister concerning the application referred to in paragraph (1) shall be given no later than 30 (thirty) days after the application is received.

(5) If the term of incorporation of the company expires and the GMS resolves not to extend the term, the liquidation process shall be carried out according to the provisions of this Chapter.

Elucidation of Article 116: Sufficiently clear

Article 117

(1) The District Court may dissolve a company :

a. at the request of the Public Prosecutor's Office based on well-founded evidence that the company has violated public interests;

b. at the request of 1 (one) or more shareholders representing at least 1/10 (one-tenth) of the total number of shares with valid voting rights;

c. at the request of creditors based upon the following reasons :

1) the company is unable to pay its debts after being declared bankrupt; or

2) the company's assets are not sufficient to pay all its debts after the declaration of bankruptcy is revoked ; or

d. at the request of interested parties based upon the existence of a legal defect in the Deed of Incorporation.

(2) The court order shall also appoint a liquidator.

Elucidation of Article 117

Paragraph (1): Letter a: Sufficiently clear.

Letter b: Sufficiently clear.

Letter c: The creditor's request is needed because bankruptcy does not by itself cause the dissolution of a company.

Letter d: Sufficiently clear.

Paragraph (2): Sufficiently clear.

Article 118

(1) If the company is dissolved, the liquidator shall within no later than 30 (thirty) days:

a. register the dissolution in the register referred to in Article 21;
b. submit an application for publication in the State Gazette of the Republic of Indonesia of the dissolution;
c. announce of the dissolution in 2 (two) daily newspapers; and
d. notify the Minister of the dissolution.

(2) As long as the registration and publication referred to in paragraph (1) letter a, letter b, and letter c have not been carried out, the dissolution of the company does not bind third parties.

(3) If the liquidators fail to register as referred to in paragraph (1) point a, the liquidators shall be jointly and severally liable for losses suffered by third parties.

(4) The names and addresses of the liquidators shall be mentioned in the registration and publication referred to in paragraph (1).

Elucidation of Article 118:

Paragraph (1): The 30 (thirty) day period shall be calculated from :

a. in the event the company is dissolved by the GMS, from the date of dissolution by the GMS; or

b. in the event the company is dissolved by a court order, the date the court order becomes final and binding.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Paragraph (4): Sufficiently clear.

Article 119

(1) If the company is dissolved, the company cannot perform any legal acts except those necessary for the settlement of its assets in the liquidation process.

(2) The settlement actions referred to in paragraph (1) include :

a. recording and collecting of the company's assets;
b. determining the procedure for distribution of the assets;
c. payment to creditors;
d. payment of the remaining assets resulting from the liquidation to the shareholders; and
e. other actions that are required to be taken in carrying out the settlement of the assets.

(3) If the company is in the process of liquidation, the words "in liquidation" shall appear behind the company name in all outgoing letters.

Elucidation of Article 119:

Paragraph (1): During the process of liquidation, the company's Articles of Association and all amendments applicable at the time the company is terminated shall remain in force until the day the liquidator is discharged from his responsibilities by the GMS.

Paragraph (2): Sufficiently clear.

Paragraph (3): Sufficiently clear.

Article 120

(1) The liquidator of a dissolved company shall notify creditors by registered letter of the dissolution of the company.

(2) The notification referred to in paragraph (1) shall contain :

a. the name and address of the liquidator;
b. the procedure for submitting claims; and
c. the time period for submitting claims, which shall not exceed 120 (one hundred and twenty) days from receipt of the notification.

(3) Creditors who submit claims according to the provisions referred to in paragraph (2) letter b and letter c and are refused, may lodge a claim at the District Court no later than 90 (ninety) days from the date of refusal.

Elucidation of Article 120 : Sufficiently clear.

Article 121

(1) Creditors who do not submit their claims in accordance with Article 120 paragraph (2) letter c, may submit their claim through the District Court within 2 (two) years calculated from the registration and publication of the dissolution of the company referred to in Article 118.

(2) Claims submitted by creditors as referred to in paragraph (1) may only be lodged against the balance of the company's assets that has not yet been distributed to shareholders.

Elucidation of Article 121 :

Paragraph (1): This provision applies only to creditors whose identity and address are unknown at the time the liquidation process is being carried out.

Paragraph (2): Sufficiently clear.

Article 122

(1) If no liquidator is appointed, the Board of Directors shall act as liquidators.

(2) The provisions concerning appointment, suspension, dismissal, authority, obligations, and supervision over the Board of Directors also apply to the liquidators.

Elucidation of Article 122: Sufficiently clear.

Article 123

At the request of 1 (one) or more interested persons or at the request of the Public Prosecutor's office, the President of the District Court may appoint a new liquidator and dismiss the previous liquidator if the person concerned fails to carry out his duties properly or if the company's liabilities exceed the company's assets.

Elucidation of Article 123: Sufficiently clear.

Article 124

(1) The liquidator is responsible to the GMS for the liquidation which has been carried out.

(2) The remaining assets resulting from the liquidation shall be allocated to the shareholders.

(3) The liquidator shall register and publish the final result of the liquidation process in accordance with the provisions of Article 21 and Article 22 and publish it in 2 (two) daily newspapers.

Elucidation of Article 124: Sufficiently clear.

CHAPTER X
TRANSITIONAL PROVISIONS

Article 125

(1) A company's Deed of Incorporation which has been approved or Articles of Association the amendments of which have been approved before this Act comes into force, shall remain in force to the extent that they are not contrary to this Act.

(2) A company's Deed of Establishment which has not yet been approved or Articles of Association, the amendments of which have not yet been approved by the Minister when this Act come into force, must be adapted to the provisions of this Act.

(3) Within 2 (two) years from the coming into force of this Act all companies incorporated and approved on the basis of the Commercial Code (Wetboek van Koophandel, Staatsblad 1847:23), must be adapted to the provisions of this Act.

Elucidation of Article 125: Sufficiently clear.

Article 126

(1) Within 3 (three) years from the coming into force of this Act, legal entities incorporated on the basis of the Indonesian Joint Stock Company Ordinance (Ordonantie op de Indonesische Maatschappij op Aandeelen, Staastsblad 1939: 569 717), must submit an application to the Minister for approval of their Deeds of Incorporation and Articles of Association.

(2) The provisions of this Act shall apply to legal entities referred to in paragraph (1) the Articles of Association of which have been approved by the Minister.

Elucidation of Article 126: Sufficiently clear.

CHAPTER XI
MISCELLANEOUS PROVISIONS

Article 127

The provision of this law shall apply to companies who carry on certain activities in the field of capital markets unless otherwise provided in the laws and regulations concerning capital markets.

Elucidation of Article 127:

In principle, this Act applies to companies which carry out certain activities in the field of capital markets. Nevertheless, bearing in mind that the activities of such companies have certain characteristics that differ from companies in general, it is necessary to open up the possibility for the special regulation of such companies.
Special regulation includes the capital payment system and matters relating to the repurchase of the company's shares, voting rights and the holding of GMS.

CHAPTER XII
CLOSING PROVISIONS

Article 128

(1) With the coming into force of this Act, the First Book, Third Title, Third Part, Article 36 to Article 56 of the Commercial Code (Wetboek van Koophandel, Staatsblad 1847: 23) that regulate Limited Liability Companies and all the amendments thereto, the last being Act Number 4 of 1971, are hereby declared no longer valid.

(2) All implementing regulations of the first book, third title, third part, Article 36 to Article 56 of the Commercial Code (Wetboek van Koophandel, Staatsblad 1874: 23) that regulate Limited Liability Companies and all the amendments thereto, the last being Act Number 4 of 1971, are hereby declared still in force provided that they are not contrary to or have not been replaced by new regulations based on this Act.

(3) 3 (three) years from the coming into force of this Act, the Indonesian Joint Stock Company Ordinance (Ordonnantie op de Indonesische Maatschappij op Aandeelen, Staatsblad 1939 : 569 jo 717), shall be hereby declared no longer valid.

Elucidation of Article 128: Sufficiently clear.

Article 129

This Act shall came into force 1 (one) year after the date of its promulgation.

In order that all may take cognizance hereof, it is ordered that this law be promulgated by publication in the Statute Book of the Republic of Indonesia.

Elucidation of Article 129: Sufficiently clear.

Enacted in Jakarta
on 7 March 1995

PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed

SOEHARTO

Promulgated in Jakarta
on 7 March 1995

STATE SECRETARY MINISTER OF
THE REPUBLIC OF INDONESIA

Signed

MOERDIONO

STATUTE BOOK OF THE REPUBLIC OF INDONESIA OF THE YEAR 1995 NUMBER 13

Copy, the same as the original
SECRETARY OF THE CABINET OF THE REPUBLIC OF INDONESIA
Head of the Bureau of
Law and Regulations

(signed)

Lambock V. Nahattands, SH

HANAFIAH & PONGGAWA