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By: THE PRESIDENT OF THE REPUBLIC OF INDONESIA
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Title: LIMITED LIABILITY COMPANIES

WITH THE BLESSING OF THE ONE AND ALMIGHTY GOD
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering:

- a. whereas the national economy which is organized based on economic democracy applying the principles of solidarity, efficiency based on justice, continuity, environmental concept, autonomy, while keeping a balance between progress and national economic unity, needs to be supported by a solid economic system in the framework of achieving public welfare;
- b. whereas in the framework of further enhancing national economic development and at the same time providing a solid basis for the business community in facing global economic developments as well as scientific and technological progress during the coming era of globalization, it is deemed necessary to enact a law to regulate limited liability companies in order to guarantee the implementation of a conducive business environment;
- c. whereas limited liability companies as one of the pillars of national economic development should be provided with a legal basis to further drive national development which is composed as a joint effort based on the collegial principle;
- d. whereas Law number 1 Year 1995 regarding Limited Liability Companies is considered to no longer conform with legal developments or the needs of the people, so it should be replaced by a new law;
- e. whereas based on the considerations in points a, b, c, and d above, it is deemed necessary to draft a Law on Limited Liability Companies.

In view of:

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

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THE PEOPLE'S LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF INDONESIA

and

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To stipulate:

A LAW REGARDING LIMITED LIABILITY COMPANIES.

CHAPTER I
GENERAL PROVISIONS

Article 1

Under this Law, what is meant by:

1. Limited Liability Company, hereinafter referred to as a Company, is a legal entity constituting a capital partnership, established based on an agreement, conducting business activities with all of its authorized capital being divided into shares, and meeting the requirements stipulated in this Law and its implementing regulations.
2. Company Organs are the General Meeting of the Shareholders, Board of Directors, and Board of Commissioners.
3. Social and Environmental Responsibility is the commitment of a Company to participate in continued economic development in order to improve the quality of life and create a conducive environment, for the Company itself, the local community and the general public.
4. General Meeting of the Shareholders, hereinafter referred to as the GMS, is a Company Organ holding the authority not conferred upon the Board of Directors or Board of Commissioners within the limits determined under this Law and/or the articles of association.
5. Board of Directors is the Company Organ that is fully responsible for and has the authority to manage the Company for the Company's interests and in accordance with its purposes and objectives and to represent the company, both within and outside the courts of law, based on the provisions of its articles of association.
6. Board of Commissioners is the Company Organ in charge of conducting supervision in general and/or in particular in accordance with the articles of association and providing advice to the BOD.
7. Publicly Listed Limited Liability Company is a Public Company or a Company conducting a public offering of shares in accordance with the provisions of the laws and regulations governing capital markets.

8. Public Company is a Company fulfilling the criteria on the number of shareholders and amount of paid-up capital, in accordance with the provisions of the laws and regulations governing capital markets.
9. Merger is a legal act conducted by one or more Limited Liability Companies to merge with other existing Limited Liability Companies which results in the transfer by law of the merging company's assets and liabilities to the company it merges into, after which the merging company's legal entity status shall end by law.
10. Consolidation is a legal action conducted by two or more Limited Liability Companies to merge with each other by establishing a new Limited Liability Company which by law obtains the merging companies' assets and liabilities and the merging companies' legal entity status shall end by law.
11. Acquisition is a legal action conducted by legal entities or natural persons to take over a Company's shares that results in the transfer of the control over the Company.
12. Demerger is a legal action conducted by a Company to separate its business, which results in the transfer by law of all assets and liabilities of the Company to two or more other Companies or the transfer by law of part of the assets and liabilities of the Company to one or more companies.
13. Registered mail is a letter addressed to the recipient which may be evidenced by the recipient's acknowledgement of receipt signed together with the date of receipt.
14. Newspaper is an Indonesian daily newspaper with national circulation.
15. Day is a calendar day.
16. Minister is the minister who has the duties and responsibilities for law and human rights.

Article 2

The Company's objectives and purposes as well as its activities shall not contravene the laws and regulations, public order and/or decency.

Article 3

- (1) The Company's shareholders shall not be individually responsible for commitments made on behalf of the Company and shall not be responsible for Company losses exceeding the nominal value of the shares subscribed by each of them.
- (2) The provision as intended in paragraph (1) shall not apply in the following events:
 - a. the company's requirements as a legal entity have not been or are not fulfilled;
 - b. the relevant shareholders either directly or indirectly and acting in bad faith take advantage of the company for their personal interest;

- c. the relevant shareholders are involved in unlawful acts conducted by the company; or
- d. the relevant shareholders either directly or indirectly unlawfully use the company's assets, causing the company's assets to be insufficient to settle the company's debts.

Article 4

The Company shall be subject to this Law, the Company's articles of association, and other laws and regulations.

Article 5

- (1) A Company shall have the name and a domicile within the territory of the Republic of Indonesia as stipulated in the articles of association.
- (2) A Company shall have a full address for its domicile.
- (3) Company's full name and address must be included in any correspondence, announcements issued by the Company, printed matter and deeds to which the Company is a party.

Article 6

A Company shall be established for a limited or unlimited period of time as stipulated in its articles of association.

CHAPTER II ESTABLISHMENT, ARTICLES OF ASSOCIATION AND AMENDMENTS TO ARTICLES OF ASSOCIATION, COMPANY REGISTER AND ANNOUNCEMENTS

Part One Establishment

Article 7

- (1) A Company shall be established by 2 (two) or more persons through a notarial deed drawn up in the Indonesian language.
- (2) Each founder of the Company shall be required to subscribe shares at the time of establishment of the company.
- (3) The provisions as intended in paragraph (2) shall not be applicable in the framework of consolidation.
- (4) A Company obtains its legal entity status on the date of issuance of the Ministerial Decree Regarding Limited Liability Company Incorporation.

- (5) After the Company obtains its legal entity status, if there are fewer than 2 (two) shareholders, then at the latest within 6 (six) months after such occurrence the shareholder concerned shall be obligated to transfer a portion of its shares to another party, or the Company shall issue new shares to another party.
- (6) In the event that the time period as intended in paragraph (5) lapses and there are still fewer than 2 (two) shareholders, the shareholder shall be individually liable for all company commitments or losses, and upon the request of interested parties, the District Court may dissolve the Company.
- (7) The provision requiring a Company to be established by 2 (two) or more persons as intended in paragraph (1), and the provisions in paragraphs (5) and (6), shall not be applicable for:
 - a. A Shareholder Company all of whose shares are owned by the state; or
 - b. A company managing a stock exchange, a clearing and securities institution, a depository and settlement institution, or other institution as regulated in the Capital Markets Law.

Article 8

- (1) The deed of establishment shall contain the articles of association and other information related to the establishment of the Company.
- (2) The other information as intended in paragraph (1) shall include at least:
 - a. full name, place and date of birth, occupation, domicile, and citizenship of an individual founder, or the name, domicile, full address and number and date of the Ministerial Decree regarding the incorporation of the Company's founder;
 - b. full name, place and date of birth, occupation, domicile and citizenship of the members of the Board of Directors and Board of Commissioners initially appointed;
 - c. names of the shareholders who have subscribed the shares, details of the total number of shares, and the nominal value of the issued and paid-up shares.
- (3) In drawing up the Deed of Establishment, the founder may be represented by another person under a power of attorney.

Article 9

- (1) In order to obtain the Ministerial Decree regarding the Company's incorporation as intended in Article 7 paragraph (4), the founders shall collectively submit a request through electronic legal entity administration information technology system services to the Minister by completing a form that at least contains the following:
 - a. name and domicile of the Company;

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- b. duration of the Company;
 - c. purposes and objectives and business activities of the Company;
 - d. amount of authorized capital, issued capital and paid-up capital;
 - e. complete address of the Company.
- (2) The filling out of the form as intended in paragraph (1) shall be preceded by the submission of the proposed name of the Company.
- (3) In the event that the founder does not directly submit the application as intended in paragraphs (1) and (2), the founder may only grant the authority to do so to a the Notary.
- (4) Further provisions regarding the procedures for submitting and using the proposed name of the Company shall be regulated in a Government Regulation.

Article 10

- (1) The request to obtain a Ministerial Decree as intended in Article 9 paragraph (1) must be submitted to the Minister at the latest 60 (sixty) days as of the date of the signing of the deed of establishment accompanied by information regarding the supporting documents.
- (2) The provision regarding supporting documents as intended in paragraph (1) shall be stipulated by a Ministerial Decree.
- (3) In the event that the form as intended in Article 9 paragraph (1) and information regarding the supporting documents as intended in paragraph (1) are in accordance with the prevailing laws and regulations, the Minister shall immediately declare electronically his non-objection to the concerned party's application.
- (4) In the event that the form as intended in Article 9 paragraph (1) and the information regarding the supporting documents as intended in paragraph (1) are not in accordance with the prevailing laws and regulations, the Minister shall immediately inform the applicant electronically of the rejection, including the reasons therefor.
- (5) Within 30 (thirty) days after the statement of non-objection as intended in paragraph (3), the applicant is obligated to physically deliver the application letter including its supporting documents.
- (6) In the event all the requirements as intended in paragraph (5) are fully complied with, within 14 (fourteen) days the Minister shall issue a decree regarding the Company's incorporation, signed electronically.
- (7) In the event the requirements regarding the duration and supporting document attachments as intended in paragraph (5) are not complied with, the Minister shall immediately inform the applicant of this electronically, and the statement of non objection as intended in paragraph (3) shall be void.

- (8) In the event the statement of non-objection is void, the applicant as intended in paragraph (5) may reapply to obtain the Ministerial Decree as intended in Article 9 paragraph (1).
- (9) In the event that the application to obtain the Ministerial Decree is not filed within the time period as intended in paragraph (1), the deed of establishment shall become void since the time period has passed, and the Company that has not yet obtained legal entity status shall be dissolved by law and its settlement shall be carried out by the founder.
- (10) The provision regarding duration as intended in paragraph (1) also applies to re-applications.

Article 11

Further provisions regarding the application to obtain Ministerial Decree as intended in Article 7 paragraph (4) for certain regions that lack or cannot use electronic networks shall be regulated in a Ministerial Regulation.

Article 12

- (1) Legal actions related to the ownership and payment of shares by the prospective founders prior to the establishment of the Company must be indicated in the Deed of Establishment.
- (2) In the event the legal actions as intended in paragraph (1) are stated in a non-authentic deed, the deed must be attached to the Deed of Establishment.
- (3) In the event that the legal actions as intended in paragraph (1) are stated in an authentic deed, the number, date, name and domicile of the Notary issuing the authentic deed shall be referenced in the Deed of Establishment.
- (4) In the event the provisions as intended in paragraphs (1), (2) and (3) are not fulfilled, such legal actions shall not create any rights and obligations for or bind the Company.

Article 13

- (1) Legal actions undertaken by the prospective founders in the interests of the Company prior to the Company's establishment shall be binding on the Company after it becomes a legal entity if the initial General Meeting of Shareholders (GMS) of the Company expressly states that it accepts and takes over all the rights and obligations arising from the legal actions undertaken by the prospective founders or their respective proxies.
- (2) The initial GMS as intended in paragraph (1) must be held by no later than 60 (sixty) days after the Company obtains legal entity status.
- (3) The resolutions of the GMS as intended in paragraph (2) shall be valid if the GMS is attended by shareholders representing all the shares with valid voting rights and the resolutions are approved unanimously.

- (4) In the event the GMS is not convened within the time period as intended in paragraph (2) or the GMS fails to adopt a resolution as intended in paragraph (3), each of the prospective founders undertaking such legal actions shall be individually liable for all consequences arising.
- (5) Resolutions of the GMS as intended in paragraph (2) are not needed if the legal actions are taken or approved in writing by all the prospective founders prior to the Company's establishment.

Article 14

- (1) Legal actions on behalf of the Company before it becomes a legal entity shall only be undertaken by members of the Board of Directors together with all of the founders, and the members of the Board of Commissioners of the Company, and they will all be held jointly liable for such legal actions.
- (2) In the event that such legal actions as intended in paragraph (1) are undertaken by the founders on behalf of a Company that has not yet obtained a legal entity status, then such legal actions shall be the responsibility of all the concerned founders, and shall not be binding on the Company.
- (3) Legal actions as intended in paragraph (1) shall by law become the Company's responsibility after it becomes a legal entity.
- (4) Legal actions as intended in paragraph (2) shall be binding on and become the responsibility of the Company after the legal actions are approved by all the shareholders in a GMS attended by all the shareholders of the Company.
- (5) The GMS as intended in paragraph (4) is the initial GMS which must be held at the latest 60 (sixty) days after the Company obtains legal entity status.

Part Two

Articles of Association and Amendments to Articles of Association

Section 1

Articles of Association

Article 15

- (1) The Articles of association as intended in Article 8 paragraph (1) shall contain at least the following:
 - a. name and domicile of the Company;
 - b. purposes and objectives and business activities of the Company;
 - c. the duration of the Company;
 - d. amount of authorized capital, issued capital and paid-up capital;

- e. total number of shares, share classifications, if any, including the total number of shares for each classification, the inherent rights and nominal value of each share;
 - f. titles and number of members of the Board of Directors and Board of Commissioners;
 - g. determination of venue and procedures for holding the GMS;
 - h. procedures for the appointment, replacement, termination of members of the Board of Directors and Board of Commissioners;
 - i. procedures for profit utilization and dividend distribution.
- (2) In addition to the provisions as intended in paragraph (1), the articles of association may also contain other provisions that do not contravene this Law.
- (3) The articles of association may not contain:
- a. provisions regarding the receipt of fixed interest on shares; or
 - b. provisions regarding the granting of personal benefits to the founders or other parties.

Article 16

- (1) A Company shall not use a name that:
- a. is already legally used by another Company or is similar in principle to that of another company; or
 - b. is contrary to public order and/or norms of decency;
 - c. has a similarity to or resemblance with the names of state institutions, governmental institutions, or international institutions, except with the permission of the institutions concerned;
 - d. is inconsistent with the purposes and objectives or the business activities, or only indicates the Company's purposes and objectives without a particular name;
 - e. consists of numerals or a group of numerals, letters or a group of letters that do not form a word; or
 - f. means Limited Liability Company, legal entity, or civil partnership.
- (2) The name of a Company must be preceded by the phrase "Perseroan Terbatas" (Limited Liability Company), abbreviated as "PT".
- (3) In the case of a Publicly Listed Limited Liability Company, in addition to the applicability of the provision as intended in paragraph (2), the abbreviation "Tbk" must be added at the end of the Company's name.

- (4) Further provisions concerning the procedures for using a Company's name shall be stipulated in a Government Regulation.

Article 17

- (1) The Company's domicile shall be in the city or regency within the territory of the Republic of Indonesia as stipulated in the Articles of Association.
- (2) The domicile as intended in paragraph (1) concurrently serves as the Company's head office.

Article 18

The Company must have purposes, objectives and business activities that are included in the Company's Articles of Association in accordance with the provisions of the laws and regulations.

Section 2 Amendments of the Articles of Association

Article 19

- (1) Amendments of the articles of association shall be stipulated by the GMS.
- (2) The agenda for the amendment of the articles of association must be clearly stated in the notice of the GMS.

Article 20

- (1) Amendments of the articles of association of a Company that has been declared bankrupt cannot be executed unless approved by the receiver.
- (2) The receiver's approval as intended in paragraph (1) shall accompany the application to obtain approval or the notice of the amendment of the articles of association, addressed to the Minister.

Article 21

- (1) Certain amendments of the articles of association must obtain the Minister's approval.
- (2) Certain amendments of the articles of association as intended in paragraph (1) shall include the following:
 - a. the name of the Company and/or domicile of the Company;
 - b. the purposes and objectives and business activities of the Company;
 - c. the duration of the Company;
 - d. the amount of authorized capital;

- e. a reduction in issued capital and paid-up capital; and/or
 - f. a change in status of the Company from a Non-Publicly Listed Limited Liability Company to a Publicly Listed Limited Liability Company, or vice versa.
- (3) Amendments of the articles of association other than the amendments as intended in paragraph (2) only need to be reported to the Minister.
 - (4) Amendments of the articles of association as intended in paragraphs (2) and (3) shall be contained in a Notarial Deed in the Indonesian language.
 - (5) Amendments of the articles of association which are not included in a Deed of Minutes of Meeting drawn up by a Notary must be stated in a Notarial Deed no later than 30 (thirty) days as of the date of the GMS resolution.
 - (6) Amendments of the articles of association may not be stated in a Notarial Deed after the 30 (thirty)-day time limit as intended in paragraph (5) expires.
 - (7) The request for approval of Amendments of the articles of association as intended in paragraph (2) shall be submitted to the Minister no later than 30 (thirty) days as of the date of the Notarial Deed containing the amendments of the articles of association.
 - (8) The provisions as intended in paragraph (7) are applicable *mutatis mutandis* to notifications of amendments of the articles of association to the Minister.
 - (9) After the 30 (thirty)-day time limit as intended in paragraph (7) expires, a request or notification of amendments of the articles of association cannot be submitted or conveyed to the Minister.

Article 22

- (1) A request for approval of amendments of the articles of association regarding the extension of the duration of association of the Company as stipulated in the articles of association must be submitted to the Minister no later than 60 (sixty) days before the duration of association of the Company expires.
- (2) The Minister shall approve a request for an extension of the duration of association as intended in paragraph (1) no later than the last date of the duration of association.

Article 23

- (1) Amendments of the articles of association as intended in Article 21 paragraph (2) shall come into effect as from the date of the issuance of the Ministerial Decree regarding approval for the amendments of the articles of association.
- (2) Amendments of the articles of association as intended in Article 21 paragraph (3) shall come into effect as from the date of the issuance of the acceptance letter from the Minister regarding notification of the amendments of the articles of association.

- (3) The provisions as intended in paragraphs (1) and (2) shall not be applicable in the event this Law stipulates otherwise.

Article 24

- (1) A Company whose capital and number of shareholders satisfy the criteria for a public Company in accordance with the provisions of the capital market law is obligated to amend its articles of association as intended in Article 21 paragraph (2) point (f) within 30 (thirty) days as from the fulfillment of the said criteria.
- (2) The Board of Directors of a Company as intended in paragraph (1) is obligated to file a statement of registration pursuant to the provisions of the capital market law.

Article 25

- (1) Amendments of the articles of association regarding the change of status of a Non-Publicly Listed Limited Liability Company to become a Publicly Listed Limited Liability Company shall come into effect as of:
- a. the effectiveness of the registration statement submitted to the capital market supervisory agency for a Public Company; or
 - b. the implementation of the public offering, for Companies submitting registration statements to the capital market supervisory agency to conduct a public offering of shares pursuant to the laws and regulations governing the capital markets.
- (2) In the event the registration statement of a Company as intended in paragraph (1) point a remains ineffective or the Company having submitted a statement of registration as intended in paragraph (1) point b does not conduct a public offering of shares, the company must re-amend its articles of association within 6 (six) months after the date of the Minister's approval.

Article 26

Amendments of the articles of association executed in the framework of a Merger or Acquisition shall come into effect as of:

- a. the date of the Minister's approval;
- b. a later date as stipulated in the Minister's approval; or
- c. the date of the notification of the amendment of the articles of association is received by the Minister, or a later date as stipulated in the Deed of Merger or Deed of Acquisition.

Article 27

Requests for approval of amendments of the articles of association as intended in Article 21 paragraph (2) shall be rejected if:

- a. they are contrary to the provisions concerning the procedures for amending the articles of association;
- b. the contents of the amendment are contrary to the laws and regulations, public order and/or norms of decency; or
- c. there are objections from the creditors on the resolution of the GMS concerning the capital reduction.

Article 28

The provisions regarding the procedures for submitting requests to obtain the Ministerial Decree regarding the Company's Incorporation and objections thereto as intended in Articles 9, 10 and 11 shall be applicable *mutatis mutandis* to requests for approval of amendments of the articles of association and objections thereto.

Part Three Company Register and Announcements

Section 1 Company Register

Article 29

- (1) The Minister executes the Company Register.
- (2) The Company Register as intended in paragraph (1) contains data regarding the Company, covering:
 - a. its name and domicile, purposes and objectives and business activities, duration of association, and capital;
 - b. the company's complete address as intended in Article 5;
 - c. the number and date of the deed of establishment and the Ministerial Decree regarding Company Incorporation as intended in Article 7 paragraph (4);
 - d. the number and date of the deed of amendment to the articles of association and the Ministerial Decree as intended in Article 23 paragraph (1);
 - e. the number and date of the deed of amendment to the articles of association and the date of receipt of notification by the Minister as intended in Article 23 paragraph (2);
 - f. the name and domicile of the Notary drawing up the deed of establishment and deed of amendment to the articles of association;
 - g. the full names and addresses of the shareholders and the members of the Board of Directors and Board of Commissioners of the Company;
 - h. the number and date of the deed of dissolution or the number and the date of court stipulation regarding Company liquidation notified to the Minister;

- i. the expiration of the company's legal entity status;
 - j. the balance sheet and profit and loss report for the relevant financial year for companies subject to auditing.
- (3) The Company's data as intended in paragraph (2) shall be included in the Company Register on the date of the following:
 - a. Ministerial Decree regarding Company Incorporation or approval on amendments of the articles of association requiring approval;
 - b. receipt of notification of amendments of the articles of association not requiring approval; or
 - c. receipt of notification of changes of Company data not constituting amendments of the articles of association.
- (4) The provisions as intended in paragraph (2) point g regarding the full names and addresses of the shareholders of a Publicly Listed Limited Liability Company are regulated in the laws and regulations governing the capital markets.
- (5) The company register as intended in paragraph (1) is open to the public.
- (6) Further provisions regarding the Company Register shall be regulated in a Ministerial Decree.

Section 2 Announcements

Article 30

- (1) Minister shall announce in the Supplement to the State Gazette of the Republic of Indonesia:
 - a. Company's deed of establishment, including the Ministerial Decree as intended in Article 7 paragraph (4);
 - b. Company's deed of amendment to the articles of association, including the Ministerial Decree as intended in Article 21 paragraph (1);
 - c. Deed of amendment to the articles of association for which notification has been received by the Minister.
- (2) The announcement as intended in paragraph (1) shall be executed by the Minister within 14 (fourteen) days as of the date of the issuance of the Ministerial Decree as intended in paragraph (1) points a and b, or as of the receipt of the notification as intended in paragraph (1) point c.
- (3) Further provisions concerning the procedure for the announcement shall be in accordance with the prevailing laws and regulations.

CHAPTER III CAPITAL AND SHARES

Part One Capital

Article 31

- (1) The authorized capital of the Company shall consist of the total nominal value of all of its shares.
- (2) The provision as intended in paragraph (1) shall not preclude the laws and regulations on capital markets from stipulating that the capital of a Company shall consist of shares without a nominal value.

Article 32

- (1) The authorized capital of a Company shall be no less than Rp. 50,000,000 (fifty million rupiah).
- (2) The laws regulating certain business activities may stipulate a minimum amount of a Company's authorized capital that is greater than the provision on authorized capital as intended in paragraph (1).
- (3) Changes to the amount of the authorized capital intended in paragraph (1) shall be stipulated in a Government Regulation.

Article 33

- (1) Not less than 25% (twenty-five percent) of the authorized capital as intended in Article 32 must be issued and fully paid up.
- (2) Issued capital and fully paid-up capital as intended in paragraph (1) shall be authenticated with valid evidence of payment.
- (3) Each further issuance of shares conducted to increase the issued capital must be paid up in full.

Article 34

- (1) Payment of share capital may be made in monetary form and/or other forms of payment.
- (2) In the event that payment of share capital is made in other forms as intended in paragraph (1), the valuation of share capital payment shall be determined on the basis of the fair value or by an expert who is not affiliated with the Company.
- (3) Payment of shares in the form of immovable assets must be announced in 1 (one) or more daily newspapers within 14 (fourteen) days after the deed of establishment is executed or the GMS decides to accept such payment of shares.

Article 35

- (1) Shareholders and other creditors having claims against the Company may not set off their right to claim their payment obligations for the price of the shares that they have subscribed unless it is approved by the GMS.
- (2) Right to claim against the Company as intended in paragraph (1) which may be compensated by a payment of shares shall be a right to claim against the Company arising from:
 - a. the Company's receipt of money or the assignment of financially valuable tangible assets or intangible assets;
 - b. the insurer or guarantor of the Company's debts has paid off the Company's debts in the amount insured or guaranteed; or
 - c. the Company becomes the debt insurer or guarantor of a third party and the Company has received benefits in the form of cash or financially valuable assets which directly or indirectly have actually been received by the Company.
- (3) The resolution of the GMS as intended in paragraph (1) shall be valid if made pursuant to the provisions regarding the notice for meetings, the quorum, and the total number of votes needed to amend the articles of association in accordance with the provisions of this Law and/or the articles of association.

Article 36

- (1) The Company shall be prohibited from issuing shares either to be owned by itself or to be owned by another Company whose shares are directly or indirectly owned by the Company.
- (2) The provision regarding prohibition on share ownership as intended in paragraph (1) shall not be applicable to share ownership obtained from assignment by law, grant, or testament.
- (3) Shares obtained based on the provision as intended in paragraph (2) should be assigned to another party that is not prohibited to own Company shares within 1 (one) year after the date of their acquisition.
- (4) In the event that the other Company as intended in paragraph (1) is a securities company, the provisions of the laws governing the capital markets shall apply.

Part Two

Capital Protection and Company Assets

Article 37

- (1) A Company may repurchase (buy back) the shares it has issued, provided that:

- a. the share repurchase does not cause the value of the Company's net assets to become less than the total issued capital plus the mandatory capital reserves retained; and
 - b. the total nominal value of all shares repurchased by the Company and pledges of shares held by the Company and/or another Company which shares are directly or indirectly owned by the Company does not exceed 10% (ten percent) of the issued capital in the Company, unless otherwise stipulated in the laws and regulations governing the capital markets.
- (2) A direct or indirect share repurchase that is contrary to paragraph (1) shall be void by law.
 - (3) The BOD shall be jointly liable for all losses suffered by the shareholders acting in good faith, caused by a repurchase that is void by law as intended in paragraph (2).
 - (4) Shares repurchased by the Company as intended in paragraph (1) may be under the control of the Company for 3 (three) years at the most.

Article 38

- (1) The repurchase of shares as intended in Article 37 paragraph (1) or their further transfer may only be conducted based on a resolution of the GMS, unless otherwise stipulated in the laws and regulations governing the capital markets.
- (2) The resolution of the GMS containing the approval as intended in paragraph (1) shall be valid if adopted pursuant to the provisions regarding the quorum and the total number of affirmative votes needed to amend the articles of association as regulated in this Law and/or the articles of association.

Article 39

- (1) The GMS may delegate the authority to grant approval for the implementation of the GMS resolutions as intended in Article 38 to the BOC for a maximum period of 1 (one) year.
- (2) The delegation of authority as intended in paragraph (1) may be extended for the same period of time.
- (3) The assignment of authority as intended in paragraph (1) may be withdrawn at any time by the GMS.

Article 40

- (1) The shares controlled by the Company by repurchasing, transfer by law, grant or grant of will, may not be used to cast votes in the GMS and shall not be taken into account in determining the quorum that must be reached in compliance with the provisions of this Law and/or the articles of association.
- (2) The shares as intended in paragraph (1) shall not be entitled to receive dividend distributions.

Part Three
Capital Increase

Article 41

- (1) An increase in the Company's capital may only be conducted based on a resolution of the GMS.
- (2) The GMS may assign the authority to grant approval on the implementation of the GMS resolutions as intended in paragraph (1) to the BOC for a maximum period of 1 (one) year.
- (3) The assignment of authority as intended in paragraph (2) may be withdrawn at any time by the GMS.

Article 42

- (1) The resolution of the GMS to increase the authorized capital shall be valid if adopted with due observance of the requirements regarding the quorum and the total number of votes needed to amend the articles of association in accordance with the provisions of this Law and/or the articles of association.
- (2) The resolution of the GMS to increase the issued capital and paid-up capital within the authorized capital limit shall be valid if adopted by a quorum of more than 1/2 (half) of the total number of voting shares and approved by more than 1/2 (half) of the total number of votes cast, unless a higher amount is determined in the articles of association.
- (3) The increase in capital as intended in paragraph (2) shall be notified to the Minister for recording in the Company Register.

Article 43

- (1) All shares issued to increase the capital must first be offered to each shareholder in proportion to their shareholding of the equivalent class of shares.
- (2) In the event the shares to be issued for a capital increase are categorized as new shares, all the shareholders have to the pre-emptive right to purchase such shares in proportion to the number of shares that they own.
- (3) The offering as intended in paragraph (1) shall not be applicable in the event the issuance of shares:
 - a. is intended to be offered to the Company's employees;
 - b. is intended to be offered to the holders of bonds or other securities that can be converted into shares, issued upon the GMS's approval; or
 - c. is conducted in the framework of a reorganization and/or restructuring approved by the GMS.

- (4) In the event a shareholder as intended in paragraph (1) does not exercise its right to purchase and pay for the shares purchased within a period of 14 (fourteen) days as of the offering, the Company can offer the remaining shares not subscribed to a third party.

Part Four Capital Reduction

Article 44

- (1) A GMS resolution to reduce the Company's capital shall be valid if adopted with due observance of the requirements regarding the quorum and the total number of affirmative votes needed to amend the articles of association in accordance with the provisions of this Law and/or the articles of association.
- (2) The BOD shall be required to notify all creditors regarding the resolution as intended in paragraph (1) by announcing the same in 1 (one) or more daily newspapers by no later than 7 (seven) days after the date of the GMS resolution.

Article 45

- (1) Within 60 (sixty) days after the announcement as intended in Article 44 paragraph (2) is made, creditors may submit their objections to the Company in writing, including their reasons, on the resolution to reduce the capital, with a copy of the objection letter addressed to the Minister.
- (2) Within 30 (thirty) days after the objections as intended in paragraph (1) are received, the Company shall be required to reply in writing to the objections submitted, accompanied by the reasons therefor.
- (3) In the event the Company:
- a. rejects the objections or does not offer a solution acceptable to the creditors within 30 (thirty) days after the Company's reply is received; or
 - b. does not respond within 60 (sixty) days after the objections are submitted to the Company;

the creditors may file a lawsuit at the district court whose jurisdiction covers the Company's domicile.

Article 46

- (1) A reduction in the Company's capital constitutes an amendment of the articles of association which must obtain approval from the Minister.
- (2) The Minister's approval as intended in paragraph (1) shall only be granted if:
- a. there are no written objections from the creditors within the time period as intended in Article 45 paragraph (1);
 - b. a settlement has been reached on the objections filed by the creditors; or

- c. the creditors' claim is rejected by the court by a decision having permanent legal force.

Article 47

- (1) The GMS resolution regarding the reduction in issued and paid-up capital shall be conducted by share revocation or a reduction in the nominal value of the shares.
- (2) Share revocation as intended in paragraph (1) shall be carried out on shares repurchased by the Company or on shares classified as revocable.
- (3) Reduction in the nominal value of shares without repayment must be carried out proportionally for all shares in all share classifications.
- (4) The proportional requirement as intended in paragraph (3) may be exempted with approval from all shareholders whose share nominal value is reduced.
- (5) In the event there is more than 1 (one) class of shares, the GMS resolution regarding reduction in capital may only be made after first obtaining approval from all the shareholders of each share classification whose rights have been damaged by the GMS resolution regarding the capital reduction.

Part Five Shares

Article 48

- (1) Company shares shall be issued in the name of their owners.
- (2) Requirements for share ownership may be stipulated in the articles of association by taking into account the requirements stipulated by the competent authorities in accordance with the laws and regulations.
- (3) In the event the requirements for share ownership as intended in paragraph (2) have been stipulated but are not complied with, the party obtaining the said share ownership cannot execute its right as a shareholder and the shares shall not be considered as part of the quorum that must be reached pursuant to the provisions of this Law and/or the articles of association.

Article 49

- (1) The nominal value of the shares must be stated in rupiah currency.
- (2) Shares without a nominal value may not be issued.
- (3) The provision as intended in paragraph (2) shall not preclude a stipulation on the issuance of shares without a nominal value under the laws and regulations governing the Capital Markets.

Article 50

- (1) The Board of Directors of the Company shall be required to organize and maintain a Register of Shareholders, indicating at least the following:
 - a. names and addresses of the shareholders;
 - b. total number of shares, their serial numbers, and the dates of acquisition of the shares owned by the shareholders and, if more than one class of shares has been issued, the class of shares;
 - c. total sum paid for each share;
 - d. names and addresses of individuals or legal entities having the right to pledge the shares or being fiduciary assignee of the shares and the date of acquisition of the right to pledge or the date of fiduciary registration;
 - e. information regarding other forms of payment for shares as intended in Article 34 paragraph (2).
- (2) In addition to the Register of Shareholders as intended in paragraph (1), the Board of Directors of the Company shall be required to organize and maintain a special list containing information regarding share ownership by members of the BOD and the BOC and their family members in the Company and/or in other Companies and the dates such shares were acquired.
- (3) Changes in share ownership shall also be recorded in the register of shareholders and the special list as intended in paragraphs (1) and (2).
- (4) The register of shareholders and the special list as intended in paragraphs (1) and (2) shall be made available at the domicile of the Company to enable the shareholders to inspect this information.
- (5) Unless otherwise stipulated in the laws and regulations on capital markets, the stipulations as intended in paragraphs (1), (3) and (4) shall also be applicable to a Publicly Listed Limited Liability Company.

Article 51

Each shareholder will be given evidence of share ownership for the shares owned by them.

Article 52

- (1) Each share shall grant to its owner the right to:
 - a. attend and cast votes at the GMS;
 - b. receive dividend payment and remaining assets after liquidation;
 - c. exercise other rights under this Law.
- (2) The provision as intended in paragraph (1) shall be applicable once the share has been recorded in the Register of Shareholders under the name of its owner.

- (3) The provisions as intended in paragraph (1) points a and c shall not be applicable for certain classes of shares as stipulated in this Law.
- (4) Each share shall grant an indivisible right to its owner.
- (5) In the event that 1 (one) share is owned by more than 1 (one) person, the right attaching to such share shall be exercised by appointing 1 (one) joint representative.

Article 53

- (1) The articles of association shall stipulate 1 (one) or more classes of shares.
- (2) Shares of the same class shall give their holders the same rights.
- (3) In the event there is more than 1 (one) class of shares, the articles of association shall stipulate one of them as common shares.
- (4) The classes of shares as intended in paragraph (3) shall be among others as follows:
 - a. shares with or without voting rights;
 - b. shares with special rights to nominate members of the BOD and/or members of the BOC;
 - c. shares which after a certain period of time are revocable or exchangeable with another class of shares;
 - d. shares granting their holders the pre-emptive right to receive dividends prior to holders of other classes of shares for dividend distributions cumulatively or non-cumulatively;
 - e. shares granting their holders the pre-emptive right to receive the Company's remaining assets upon liquidation prior to the holders of other classes of shares.

Article 54

- (1) The articles of association may stipulate fractions of the nominal value of a share.
- (2) A holder of a fraction of the nominal value of a share shall not be granted an individual voting right unless the holder of the fraction of the nominal value of a share individually or jointly with other holders of fractions of the nominal value of shares of the same class own a total nominal value equivalent to 1 (one) nominal value of the same class of share.
- (3) The provisions as intended in Article 52 paragraphs (4) and (5) shall also be applicable *mutatis mutandis* for holders of a fraction of the nominal value of a share.

Article 55

The articles of association of the Company shall stipulate the procedure for transferring rights to shares in accordance with the prevailing laws and regulations.

Article 56

- (1) The transfer of rights to shares must be carried out by a deed of transfer of rights.
- (2) The deed of transfer of rights as intended in paragraph (1) or a copy thereof shall be submitted in writing to the Company.
- (3) The BOD shall be required to record the transfer of rights to shares, the day and date of the transfer of rights in the Register of Shareholders or the Special List as intended in Article 50 paragraphs (1) and (2) and to notify the Minister regarding the change in the shareholders composition to be recorded in the Register of Shareholders no later than 30 (thirty) days as of the date of the recording of the transfer of right.
- (4) In the event the notification as intended in paragraph (3) has not yet been made, the Minister shall reject shareholder the request for approval or notification made based on the composition and name for which such notification has not been made.
- (5) Provisions regarding the procedure for transferring rights to shares that are traded on the capital market shall be regulated in the laws and regulations governing the capital markets.

Article 57

- (1) The articles of association may set forth provisions concerning requirements for the transfer of rights to shares, namely:
 - a. the obligation to first offer the rights to shares to shareholders of a certain class of shares or to other shareholders;
 - b. the obligation to obtain prior approval from the Company's organs; and/or
 - c. the obligation to obtain prior approval from the competent authorities in accordance with the applicable laws and regulations.
- (2) The requirements as intended in paragraph (1) shall not be applicable for a transfer of rights to shares caused by a transfer of rights by law, unless the obligation as intended in paragraph (1) point c pertains to inheritance.

Article 58

- (1) In the event the articles of association require a selling shareholder to first offer its shares to shareholders of a certain class or to other shareholders, and within a period of 30 (thirty) days as of the date of the offer such shareholders appear unwilling to buy the shares, the selling shareholder can then offer and sell its shares to a third party.
- (2) Each selling shareholder that is required to offer its shares as intended in paragraph (1) shall be entitled to withdraw such offer once the 30 (thirty)-day period as intended in paragraph (1) expires.

- (3) The obligation to offer the shares to shareholders of a certain class or to other shareholders as intended in paragraph (1) shall only apply once.

Article 59

- (1) Approval on the transfer of rights to shares requiring approval from the Company's organs, or their rejection, must be given in writing within a period of 90 (ninety) days as from the date the Company's organs receive a request for the transfer of rights.
- (2) In the event the time period as intended in paragraph (1) expires and the Company's organs do not issue a written statement, the Company's organs shall be deemed to have approved the transfer of rights to shares.
- (3) In the event the transfer of rights to shares is approved by the Company's organs, it must be conducted in accordance with the provisions as intended in Article 56 and within 90 (ninety) days after the approval is granted.

Article 60

- (1) Shares constitute moveable assets granting rights to their holders as intended in Article 52.
- (2) Shares may be pledged as collateral or a fiduciary guaranty unless otherwise stipulated in the articles of association.
- (3) A pledge of shares or fiduciary guaranty on shares registered in accordance with the prevailing laws and regulations must be recorded in the Register of Shareholders and the Special List as intended in Article 50.
- (4) Voting rights over shares pledged as collateral or fiduciary guaranty shall be retained by the shareholders.

Article 61

- (1) Each shareholder shall be entitled to file a claim against the Company at the District Court if the shareholder suffers losses caused by the Company's actions that are considered unfair and unreasonable as a consequence of resolutions of the GMS, BOD or BOC.
- (2) A claim as intended in paragraph (1) shall be filed with the District Court whose jurisdiction covers the Company's domicile.

Article 62

- (1) Each shareholder shall be entitled to request the Company to purchase its shares at a reasonable price if the relevant shareholder disapproves the Company's actions which incur losses to the shareholders or the Company, in the form of:
- a. amendments to the articles of association;
 - b. a transfer or pledge of the Company's assets with a value exceeding 50% (fifty percent) of the Company's net assets; or

- c. a merger, Consolidation, or Acquisition of the Company.
- (2) In the event the shares requested to be purchased as intended in paragraph (1) exceed the designated limit for a re-purchase of shares by the Company as intended in Article 37 paragraph (1) point b, the Company shall be required to endeavor to sell the remaining shares to a third party.

CHAPTER IV WORK PLAN, ANNUAL REPORT AND UTILIZATION OF PROFITS

Part One Work Plan

Article 63

- (1) The BOD shall draft the annual work plan prior to the commencement of the next financial year.
- (2) The work plan as intended in paragraph (1) shall also contain the annual budget of the Company for the next financial year.

Article 64

- (1) The work plan as intended in Article 63 shall be delivered to the BOC or GMS as stipulated in the articles of association.
- (2) The articles of association may determine that the work plan submitted by the BOD as intended in paragraph (1) should obtain approval from the BOC or GMS, unless otherwise stipulated in laws and regulations.
- (3) In the event the articles of association stipulate that the work plan must obtain approval from the GMS, the work plan must first be reviewed by the BOC.

Article 65

- (1) In the event the BOC does not submit the work plan as intended in Article 64, the previous year's work plan shall be effective.
- (2) The previous year's work plan shall also be effective for a Company whose work plan has not obtained the approval stipulated in the articles of association or other laws and regulations.

Part Two Annual Report

Article 66

- (1) The BOD shall submit an annual report to the GMS after it has been reviewed by the BOC within 6 (six) months at the latest after the Company's financial year ends.

- (2) The annual report as intended in paragraph (1) must contain at least the following:
- a. the financial statement, consisting of at least the most recent balance sheet for the past financial year in comparison with the preceding financial year, profit and loss statement of the relevant year, cash flow report, and change of equity report, as well as notes to the financial statement;
 - b. the Company's activity report;
 - c. Social and Environmental Responsibility implementation report;
 - d. details of issues arising during the financial year having an impact on the Company's business activities;
 - e. report on the supervisory duties conducted by the BOC during the previous year;
 - f. names of the members of the BOD and BOC;
 - g. salary and allowances for the members of the BOD and salary or honorarium and allowances for the members of the BOC for the previous year.
- (3) The financial statement as intended in paragraph (2) point a must be made in accordance with the Financial Accounting Standards.
- (4) The balance sheet and profit and loss statement for the respective financial year as intended in paragraph (2) point a for a Company that requires auditing must be submitted to the Minister in accordance with the laws and regulations.

Article 67

- (1) The annual report as intended in Article 66 paragraph (1) shall be signed by all members of the BOD and the BOC who held positions in the relevant financial year and shall be made available at the Company's office as from the date of the notice of the GMS for inspection by the shareholders.
- (2) In the event any member of the BOD or the BOC does not sign the annual report as intended in paragraph (1), the member concerned must state the reasons therefor in writing, or the reasons must be stated by the BOD in a separate letter attached to the annual report.
- (3) In the event any member of the BOD or the BOC who does not sign the annual report as intended in paragraph (1) does not provide the reasons in writing, the member concerned is considered to have approved the contents of the annual report.

Article 68

- (1) The BOD shall be required to submit the Company's financial statement to a registered Public Accountant for auditing if:
- a. the Company's business activities are related to the mobilization and/or the management of public funds;

- b. the Company issues acknowledgements of indebtedness to the public;
 - c. the Company is a Publicly Listed Limited Liability Company;
 - d. the Company is a Shareholder Company;
 - e. the Company's assets and/or total business turnover has a value of at least Rp 50,000,000,000 (fifty billion) rupiah; or
 - f. this is a requirement under the law and regulations.
- (2) In the event the obligations as intended in paragraph (1) are not fulfilled, the financial statement shall not be ratified by the GMS.
 - (3) The report of the result of the public accountant's audit as intended in paragraph (1) shall be submitted in writing to the GMS through the BOD.
 - (4) The balance sheet and the profit and loss statement in the financial statement as intended in paragraph (1), points a, b, and c after obtaining GMS ratification shall be announced in 1 (one) daily newspaper.
 - (5) The announcement regarding the balance sheet and the profit and loss statement as intended in paragraph (4) shall be made no later than 7 (seven) days after GMS ratification.
 - (6) Any reduction in the value as intended in paragraph (1) point e shall be stipulated in a Government Regulation.

Article 69

- (1) Approval of the annual report, including ratification of the financial statements and the report on BOC's supervisory duties, shall be given by the GMS.
- (2) Resolutions concerning the ratification of financial statements and the approval of the annual report as intended in paragraph (1) shall be stipulated in accordance with the provisions of this Law and/or the articles of association.
- (3) In the event the financial statement submitted is found to be incorrect and/or misleading, the members of the BOD and the BOC shall be jointly and personally responsible to any parties suffering losses.
- (4) Members of the BOD and the BOC shall be released from the responsibility as intended in paragraph (3) if it is proven that such condition was not caused by their mistakes.

Part Three Utilization of Profits

Article 70

- (1) In each financial year, the Company must allocate a certain amount of its net profits to a reserve fund.
- (2) The obligation to allocate to a reserve fund as intended in paragraph (1) shall be applicable if the Company has a positive profit balance.
- (3) Allocation of net profits as intended in paragraph (1) is conducted until the reserve fund reaches at least 20% (twenty percent) of the total amount of issued capital and paid-up capital.
- (4) The reserve fund as intended in paragraph (1) which has not reached the amount as intended in paragraph (3) may only be used to cover losses that cannot be covered by other reserves.

Article 71

- (1) The utilization of net profits, including the determination of the amount to be allocated to the reserve fund as intended in Article 70 paragraph (1), shall be determined by the GMS.
- (2) Unless otherwise stipulated by the GMS, all net profits after being deducted for the reserve fund allocation as intended in Article 70 paragraph (1) shall be distributed to the shareholders as dividends.
- (3) Dividends as intended in paragraph (2) may only be distributed if the Company has a positive profit balance.

Article 72

- (1) The Company may distribute interim dividends prior to the end of the financial year provided the articles of association so stipulate.
- (2) An interim dividend distribution as intended in paragraph (1) may be conducted if the total amount of the Company's net assets are at least equal to the total amount of issued capital and paid-up capital plus mandatory reserves.
- (3) Interim dividend distributions as intended in paragraph (2) may not affect or cause the Company to be unable to perform its obligations to creditors or affect the Company's business activities.
- (4) Interim dividend distributions shall be stipulated in a BOD resolution after obtaining approval from the BOC, taking into consideration the provisions contained in paragraphs (2) and (3).
- (5) If after the financial year has ended the Company has actually suffered losses, any interim dividends distributed should be returned by the shareholders to the Company.
- (6) The BOD and BOC shall be jointly and personally liable for the losses incurred by the Company if the shareholders are unable to return the interim dividends as intended in paragraph (5).

Article 73

- (1) After a period of 5 (five) years as from the date stipulated for the payment of prior dividends, any uncollected dividends shall be put in a special reserve.
- (2) The GMS regulates the procedure for the collection of dividends already included in the special reserve as intended in paragraph (1).
- (3) Dividends included in the special reserve as intended in paragraph (1) and that remain uncollected for a period of 10 (ten) years shall become vested in the Company.

CHAPTER V SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Article 74

- (1) A Company conducting business activities in and/or related to natural resources is required to implement Social and Environmental Responsibility.
- (2) The Social and Environmental Responsibility as intended in paragraph (1) shall constitute a Company obligation that is budgeted and set off against Company costs and whose implementation shall be in due observance of propriety and suitability.
- (3) A Company that does not comply with the obligation as intended in paragraph (1) shall be subject to sanctions in accordance with the provisions of the laws and regulations.
- (4) Further provisions concerning Social and Environmental Responsibility shall be stipulated in a Government Regulation.

CHAPTER VI GENERAL MEETING OF SHAREHOLDERS

Article 75

- (1) The GMS shall have the authorities not granted to the BOD or BOC within the limits stipulated in this Law and/or the articles of association.
- (2) At the GMS forum, the shareholders shall be entitled to obtain information related to the Company from the BOD and/or the BOC, insofar as it relates to the agenda of the meeting and is not contrary to the Company's interest.
- (3) On other agenda items, the GMS shall not be entitled to pass resolutions unless all shareholders or their proxies attend the GMS and approve such additional other agenda items.
- (4) A resolution on additional agenda items must be approved by a unanimous vote.

Article 76

- (1) The GMS shall be held at the Company's domicile or where the Company conducts its main business activities, as stipulated in the articles of association.
- (2) The GMS of a Publicly Listed Limited Liability Company can be held at the domicile of the stock exchange on which the Company's shares are listed.
- (3) The GMS venue as intended in paragraphs (1) and (2) must be located within the territory of the Republic of Indonesia.
- (4) In the event all the shareholders attend or are represented in the GMS and all the shareholders agree to hold the GMS with a certain agenda, the GMS can be held anywhere, with due observance of the provision as intended in paragraph (3).
- (5) The GMS as intended in paragraph (4) may pass resolutions if all shareholders approve the resolutions unanimously.

Article 77

- (1) In addition to holding the GMS as intended in Article 76, teleconference, videoconference, or any other electronic media may also be used that enable all GMS participants to see, hear and directly participate in the meeting with each other.
- (2) The requirements for the quorum and adoption of a resolution are the requirements as set forth in this Law and/or as set forth in the articles of association of the Company.
- (3) The requirements as intended in paragraph (2) shall be calculated based on the participant's participation in the GMS as intended in paragraph (1).
- (4) Minutes of meeting approved and signed by all GMS participants must be prepared for each GMS held.

Article 78

- (1) The GMS shall consist of the Annual GMS and other GMS.
- (2) An Annual GMS must be held no later than 6 (six) months after the closing of the financial year concerned.
- (3) At the Annual GMS, all documents relating to the Company's annual reports as intended in Article 66 paragraph (2) must be presented.
- (4) Other GMS may be held at any time, depending on the interest and necessity of the Company.

Article 79

- (1) The BOD shall hold the Annual GMS as intended in Article 78 paragraph (2) and other GMS as intended in Article 78 paragraph (4) after a notice for the GMS is distributed.
- (2) The GMS as intended in paragraph (1) may be held upon the request of:

- a. 1 (one) or more shareholders who jointly represent 1/10 (one tenth) or more of the total shares with valid voting rights, unless the articles of association stipulate a smaller amount; or
 - b. the BOC.
- (3) The request as intended in paragraph (2) shall be submitted to the BOD by registered letter accompanied by the reasons.
- (4) The registered letter as intended in paragraph (3) shall be delivered by the shareholders with a copy to the BOC.
- (5) The BOD shall be obligated to call the GMS within 15 (fifteen) days as of the date a request to convene the GMS is received.
- (6) In the event the BOD does not call the GMS as intended in paragraph (5):
 - a. the request to hold a GMS as intended in paragraph (2) point a shall be re-submitted to the BOC; or
 - b. the BOC shall call a GMS as intended in paragraph (2) point b.
- (7) The BOC is required to call the GMS as intended in paragraph (6) point a within a period of 15 (fifteen) days as of the date the request to convene the GMS is received.
- (8) The GMS held by the BOD based on a notice of GMS as intended in paragraph (5) shall discuss the matters related to the reasons as intended in paragraph (3) and other agenda items as deemed necessary by the BOD.
- (9) The GMS held by the BOC based on the notice of GMS as intended in paragraph (6) point b and paragraph (7) shall only discuss the matters related to the reasons as intended in paragraph (3).
- (10) The GMS of a Publicly Listed Limited Liability Company shall abide by the provisions of this Law provided that the provisions of the laws and regulations governing the capital markets do not determine otherwise.

Article 80

- (1) In the event the BOD or the BOC does not convene the GMS within the time period as intended in Article 79 paragraphs (5) and (7), the shareholders requesting the convening of the GMS can submit a request to the Chairman of the District Court whose jurisdiction covers the Company's domicile to stipulate the granting of permission for the applicant to call the annual GMS themselves.
- (2) The Chairman of the District Court, after summoning and hearing the applicant, the BOD and/or the BOC, shall stipulate the granting of permission to hold the GMS if the applicant has simply proven that the requirements have been met and the applicant has a reasonable interest to convene the GMS.

- (3) The stipulation of the Chairman of the District Court as intended in paragraph (2) shall also contain provisions regarding:
- a. the form of the GMS, the agenda items for the GMS in accordance with the shareholders' request, the time period for the notice of the GMS, the attendance quorum, and/or provisions regarding the requirements for GMS resolutions, and the appointment of the chairman of the meeting, in accordance with or independent of the provisions of this Law or the articles of association; and/or
 - b. an order to require the BOD and BOC to attend the GMS.
- (4) The Chairman of the District Court shall reject the request in the event the applicant is unable to simply prove that the requirements have been met and the applicant has a reasonable interest in convening the GMS.
- (5) The GMS as intended in paragraph (1) may only discuss the agenda items for the meeting as stipulated by the Chairman of the District Court.
- (6) The stipulation by the Chairman of the District Court regarding the granting of permission as intended in paragraph (3) is final and has permanent legal force.
- (7) In the event the Chairman of the District Court decides to reject a request as intended in paragraph (4), the only remedy available is a cassation.
- (8) The provision as intended in paragraph (1) shall also apply to a Publicly Listed Limited Liability Company, taking into consideration the requirements for announcing the holding of a GMS and the other requirements for holding a GMS as stipulated in the laws and regulations governing the capital markets.

Article 81

- (1) Before convening a GMS, the BOD shall send a notice to the shareholders.
- (2) In certain cases, that notice for the GMS as intended in paragraph (1) may be made by the BOC or the shareholders, based on a stipulation of the Chairman of the District Court.

Article 82

- (1) The notice of the GMS shall be sent out by no later than 14 (fourteen) days prior to the convening of the GMS, excluding the date of the notice and the date of the GMS.
- (2) The notice of the GMS shall be sent by registered mail and/or announced in a daily newspaper.
- (3) The notice of the GMS must state the date, time, venue and agenda of the meeting and must be accompanied by a note that the materials to be discussed in the GMS are available at the Company's office as of the date of the notice of the GMS until the date the GMS is convened.

- (4) The Company shall be required to provide copies of the materials as intended in paragraph (3) to the shareholders free of charge, if requested.
- (5) In the event the notice does not comply with the provisions as intended in paragraphs (1), (2), and (3), GMS resolutions shall remain valid if the GMS is attended by all shareholders with valid voting rights, or their proxies, and if the resolutions are approved unanimously.

Article 83

- (1) For a Publicly Listed Limited Liability Company, prior to sending the notice of the GMS, an announcement must be made of the notice of the GMS, taking into account the laws and regulations governing the capital markets.
- (2) The announcement as intended in paragraph (1) shall be made at least 14 (fourteen) days prior to the notice of the GMS.

Article 84

- (1) Unless otherwise stipulated in the articles of association, each issued share entitles its owner to cast one vote.
- (2) The voting right as intended in paragraph (1) shall not be applicable for:
 - a. Company shares that are controlled by the Company itself;
 - b. Company's principal shares that are controlled directly or indirectly by its subsidiary; or
 - c. Company shares controlled by another Company whose shares are directly or indirectly owned by the Company.

Article 85

- (1) The shareholders, either by themselves or represented by virtue of a power of attorney, shall be entitled to attend the GMS and to exercise their voting rights in proportion to their total shares owned.
- (2) The provision as intended in paragraph (1) shall not be applicable to shareholders with non-voting shares.
- (3) In the vote, the votes cast by the shareholders shall be applicable to all shares they own and the shareholders shall not be entitled to authorize more than one proxy for that part of the total shares that it owns to vote differently.
- (4) In the vote, members of the BOD and the BOC and the employees of the Company concerned may not act as proxies of the shareholders as intended in paragraph (1).
- (5) In the event the shareholders attend the GMS themselves, such proxies shall not be valid for the meeting.

- (6) The Chairman of the meeting shall be entitled to determine who is entitled to attend the GMS with due observance of the provisions of this Law and the Company's articles of association.
- (7) For a Publicly Listed Limited Liability Company, in addition to the applicability of the provisions as intended in paragraphs (3) and (6) the provisions of the laws and regulations governing the capital markets shall also apply.

Article 86

- (1) A GMS may be held if it is attended or represented by more than 1/2 (half) of the total shares with valid voting rights, unless a higher quorum is stipulated in this Law and/or the articles of association.
- (2) In the event that the quorum as intended in paragraph (1) is not reached, notice for a second GMS may be sent.
- (3) The notice for a second GMS must indicate that the first GMS was held and that the quorum was not reached.
- (4) The second GMS as intended in paragraph (2) shall be valid and shall be entitled to adopt resolutions if attended by shareholders representing not less than 1/3 (one third) of all shares with valid voting rights, unless the articles of association stipulate a greater total.
- (5) In the event the quorum for the second GMS as intended in paragraph (4) is not reached, the Company may request the Chairman of the District Court whose jurisdiction covers the Company's domicile to determine the quorum for the third GMS.
- (6) The notice for a third GMS must indicate that the second GMS was convened but the quorum was not reached, and the third GMS will be held with a quorum determined by the Chairman of the District Court.
- (7) The stipulation by the Chairman of the District Court concerning the notice for a GMS as intended in paragraph (5) shall be final and have permanent legal force.
- (8) The notice for the second and third GMS must be sent no later than 7 (seven) days prior to holding the second and third GMS.
- (9) The second and third GMS shall be held no earlier than 10 (ten) days and no later than 21 (twenty-one) days after the preceding GMS.

Article 87

- (1) The resolutions of the GMS shall be adopted based on deliberation to reach a consensus.

- (2) In the event that no resolution based on deliberation to reach a consensus as intended in paragraph (1) is reached, the resolution shall be valid if approved by more than 1/2 (half) of the total votes cast, unless the Law and/or the articles of association stipulate that the resolution is only valid if approved by a higher total number of votes.

Article 88

- (1) A GMS can be held to amend the articles of association if the GMS is attended by shareholders representing not less than 2/3 (two thirds) of the total shares with valid voting rights and the resolution is valid if approved by at least 2/3 (two thirds) of the total votes cast, unless the articles of association stipulate a larger quorum for attendance and/or a larger quorum for GMS resolution passing.
- (2) In the event the quorum for attendance as intended in paragraph (1) is not reached, a second GMS may be held.
- (3) The second GMS as intended in paragraph (2) shall be valid and entitled to make a resolution if at the GMS not less than 3/5 (three fifths) of the total shares with valid voting rights are present or represented and the resolution shall be valid if approved by not less than 2/3 (two thirds) of the total votes cast, unless the articles of association stipulate a larger quorum for attendance and/or provisions regarding a larger quorum of GMS resolution adoption.
- (4) The provisions as intended in Article 86 paragraphs (5), (6), (7), (8) and (9) shall be applicable *mutatis mutandis* to a GMS to amend the articles of association.
- (5) The provision as intended in paragraphs (1), (2), and (3) regarding the quorum for attendance and the provision on the requirements for adopting GMS resolutions shall also be applicable to a Publicly Listed Limited Liability Company unless otherwise stipulated in the laws and regulations governing the capital markets.

Article 89

- (1) A GMS held to approve a Merger, Consolidation, Acquisition, shall submit a request for the Company to be declared bankrupt, have its duration of association extended, and the dissolution of the Company may be conducted if the GMS is attended by shareholders representing not less than 3/4 (three fourths) of all shares with valid voting rights, and the resolution shall be valid if approved by not less than 3/4 (three fourths) of the total votes cast, unless the articles of association stipulate a larger attendance quorum and other requirements for adopting resolutions at the GMS.
- (2) In the event the attendance quorum as stipulated in paragraph (1) is not reached, a second GMS may be held.
- (3) The second GMS as intended in paragraph (2) shall be valid and entitled to make resolutions if the GMS is attended or represented by not less than 2/3 (two thirds) of the total shares with valid voting rights, and the resolution shall be valid if approved by not less than 3/4 (three fourths) of the total votes cast unless the articles of association stipulate a larger attendance quorum and/or other requirements for adopting resolutions at the GMS.

- (4) The provisions as intended in Article 86 paragraphs (5), (6), (7), (8), and (9) shall be applicable *mutatis mutandis* to a GMS as intended in paragraph (1).
- (5) The provisions as intended in paragraphs (1), (2), and (3) regarding the attendance quorum and/or the provisions regarding the requirements for adopting resolutions at the GMS shall also be applicable to a Publicly Listed Limited Liability Company unless stipulated otherwise in the laws and regulations governing the Capital Markets.

Article 90

- (1) Minutes of each GMS must be drawn up and signed by the chairman of the meeting and by not less than 1 (one) shareholder appointed by and from among the participants of the GMS concerned.
- (2) The signature as intended in paragraph (1) shall not be required if the minutes of the GMS are drawn up in the form of a notarial deed.

Article 91

The shareholders may also adopt binding resolutions outside the GMS, provided that all shareholders with voting rights give their approval in writing by signing the proposal concerned.

CHAPTER VII BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

Part One Board of Directors

Article 92

- (1) The BOD shall manage the Company, for the interest of the Company and in accordance with the purposes and objectives of the Company.
- (2) The BOD is authorized to manage as intended in paragraph (1) in accordance with the policy that it considers appropriate, within the limits stipulated in this Law and/or the articles of association.
- (3) The BOD of a Company shall have 1 (one) or more member.
- (4) Companies whose business activities are related to mobilizing and managing public funds, Companies issuing acknowledgements of indebtedness to the public and Publicly Listed Limited Liability Companies shall be required to have not less than 2 (two) members of the BOD.
- (5) In the event the BOD has 2 (two) or more members, the assignment of managerial functions and authorities among the members of the BOD shall be stipulated based on GMS resolutions.

- (6) In the event the GMS as intended in paragraph (5) does not stipulate, the assignment of functions and authorities among the members of the BOD shall be stipulated based on BOD resolutions.

Article 93

- (1) Eligible for appointment as members of the BOD shall be individuals who are qualified to undertake legal actions, unless within a period of 5 (five) years prior to their appointment they have:
- a. been declared bankrupt;
 - b. assumed positions as members of the BOD or the BOC and been declared responsible for the bankruptcy of a company; or
 - c. been punished for criminal acts causing losses to state finances and/or that relate to the financial sector.
- (2) The provisions concerning the requirements as intended in paragraph (1) are without prejudice to the possibility that the authorized technical institutions shall set forth additional requirements based on the prevailing laws and regulations.
- (3) The fulfillment of the requirements as intended in paragraphs (1) and (2) shall be evidenced by documents kept by the Company.

Article 94

- (1) Members of the BOD shall be appointed by the GMS.
- (2) For the first time, the appointment of the members of the BOD shall be conducted by the founders whose names are contained in the Deed of Establishment as intended in Article 8 paragraph (2) point b.
- (3) Members of the BOD shall be appointed for a specified period of time and shall be eligible for re-election.
- (4) The articles of association shall stipulate the procedure for the appointment, replacement, and termination of the members of the BOD and may also stipulate the procedure for nominating members of the BOD.
- (5) The GMS resolution regarding the appointment, replacement, and termination of the members of the BOD shall also stipulate when said appointment, replacement and termination shall come into effect.
- (6) In the event the GMS does not stipulate when said appointment, replacement and termination of the BOD members shall come into effect, said appointment, replacement and termination of the BOD members shall come into effect as soon as the GMS ends.
- (7) Upon the appointment, replacement or termination of the members of the BOD, the BOD shall be required to notify the Minister for recording in the Company Register within a period of no later than 30 (thirty) days after the date of said GMS resolution.

- (8) In the event the notification as intended in paragraph (7) has not been conducted, the Minister shall reject any request submitted or notification conveyed to the Minister by the BOD which has not been recorded in the Company Register.
- (9) Notification as intended in paragraph (8) does not include notification conveyed by the new BOD on its own appointment.

Article 95

- (1) Appointment of members of the BOD who do not fulfill the requirements as intended in Article 93 shall be void by law as from the time that the other members of the BOD or BOC become aware that the requirements were not fulfilled.
- (2) Within no later than 7 (seven) days as from the discovery, the other members of the BOD or BOC must announce the cancellation of the appointment of the concerned member of the BOD in a daily newspaper and notify the Minister of the matter for recording in the Company Register.
- (3) Legal actions conducted for and on behalf of the Company by a member of the BOD as intended in paragraph (1) prior to the cancellation of his/her appointment shall be binding and become the responsibility of the Company.
- (4) Legal actions conducted for and on behalf of the Company by a member of the BOD as intended in paragraph (1) after the cancellation of his/her appointment shall be void and become the responsibility of the individual member of the BOD concerned.
- (5) The provision as intended in paragraph (3) shall not prejudice the responsibilities of the concerned member of the BOD for Company losses as intended in Articles 97 and 104.

Article 96

- (1) The provision regarding the amount of salary and remuneration of the members of the BOD is stipulated by a GMS resolution.
- (2) The authority of the GMS as intended in paragraph (1) may be delegated to the BOC.
- (3) In the event the authority of the GMS is delegated to the BOC as intended in paragraph (2), the amount of the salary and remuneration intended in paragraph (1) shall be stipulated by a resolution adopted at the BOC meeting.

Article 97

- (1) The BOD shall be responsible for the management of the Company as intended in Article 92 paragraph (1).
- (2) Each member of the BOD shall be required to carry out the management as intended in paragraph (1) in good faith and with full responsibility.

- (3) Each member of the BOD shall be fully responsible personally for the losses suffered by the Company if the concerned member has made mistakes and been negligent in carrying out his/her duties pursuant to the provisions as intended in paragraph (2).
- (4) In the event the BOD consists of 2 (two) or more members, the responsibility as intended in paragraph (3) shall be jointly and personally borne by each member of the BOD.
- (5) Members of the BOD shall not be required to be responsible for losses as intended in paragraph (3) if they can prove that:
 - a. the losses are not caused by their mistakes or negligence;
 - b. they have managed in good faith and prudently for the interest and in accordance with the purposes and objectives of the Company;
 - c. there are no conflicts of interest either directly or indirectly in their management acts causing the losses; and
 - d. they have taken action to prevent the said losses from occurring and continuing.
- (6) On behalf of the Company, the shareholders representing at least 1/10 (one tenth) of the total voting shares may file a claim through the District Court against members of the BOD who due to their mistakes and negligence have caused losses to the Company.
- (7) The provision as intended in paragraph (5) shall not prejudice the rights of other members of the BOD and/or BOC to file a claim on behalf of the Company.

Article 98

- (1) The BOD represents the Company within and outside the courts of justice.
- (2) In the event the BOD consists of more than 1 (one) person, each member of the BOD is authorized to represent the Company unless stipulated otherwise in the articles of association.
- (3) The authority of the BOD to represent the Company as intended in paragraph (1) is unlimited and unconditional, unless stipulated otherwise in the laws, articles of association, or a resolution of the GMS.
- (4) The GMS resolution as intended in paragraph (3) shall not contradict the provisions of the laws and/or the Company's articles of association.

Article 99

- (1) Member(s) of the BOD shall not be authorized to represent the Company in the following events:
 - a. the occurrence of a lawsuit before the court between the Company and the relevant member(s) of the BOD; or

- b. the relevant member(s) of the BOD have a conflict of interest with the Company.
- (2) In the event of an occurrence as intended in paragraph (1), the following are authorized to represent the Company:
 - a. other members of the BOD who have no conflict of interest with the Company;
 - b. the BOC, in the event all members of the BOD have a conflict of interest with the Company; or
 - c. another party appointed by the GMS, in the event all members of the BOD and BOC have a conflict of interest with the Company.

Article 100

- (1) The BOD shall be required:
 - a. to compile and keep the Register of Shareholders, a Special List, the minutes of the GMS, and minutes of the BOD meetings;
 - b. to prepare annual reports as intended in Article 66 and the Company's financial documents as intended in the Law regarding Corporate Documents; and
 - c. to maintain all the Company's registers, minutes, and financial documents as intended in points a and b and other Company documents.
- (2) All the Company's registers, minutes, and documents as intended in paragraph (1) shall be kept at the domicile of the Company.
- (3) Upon a written request from the shareholders, the BOD shall give the shareholders permission to examine the Register of Shareholders, the Special List, the minutes of the GMS as intended in paragraph (1) and the annual reports, and to obtain copies of the minutes of the GMS and annual reports.
- (4) The provision as intended in paragraph (3) shall not preclude that the laws and regulations governing the capital markets may stipulate otherwise.

Article 101

- (1) Members of the BOD shall be required to report to the Company on their ownership of shares and/or those of their family members in the Company and in other companies, to be recorded in the Special List.
- (2) Members of the BOD who fail to comply with the obligation as intended in paragraph (1) and who cause losses to the Company shall be personally liable for such Company losses.

Article 102

- (1) The BOD shall be required to obtain approval from the GMS:
 - a. to transfer the Company's assets; or
 - b. to pledge the Company's assets as security for a loan;which comprise more than 50% (fifty percent) of the Company's net assets in 1 (one) or more related or unrelated transactions.
- (2) The transaction as intended in paragraph (1) point a is a transaction to transfer the Company's net assets occurring within a period of 1 (one) financial year, or longer if regulated in the Company's articles of association.
- (3) The provision as intended in paragraph (1) shall not be applicable to action to transfer or secure Company assets conducted by the BOD in implementation of the Company's business activities pursuant to its articles of association.
- (4) Legal actions as intended in paragraph (1) performed without the GMS approval shall still bind the Company with respect to other parties if the legal actions are performed in good faith.
- (5) The provision on the quorum for attendance and/or regarding resolution of the GMS as intended in Article 89 shall be applicable *mutatis mutandis* to a GMS resolution to approve the BOD actions as intended in paragraph (1).

Article 103

The BOD may grant a power of attorney in writing to 1 (one) or more employees of the Company or to other persons to act for and on behalf of the Company to undertake certain legal actions as described in the power of attorney.

Article 104

- (1) The BOD shall not be authorized to file a petition for a declaration of the Company's bankruptcy with the Commercial Court without a prior resolution of the GMS, without prejudice to the provisions regulated in the Law regarding Bankruptcy.
- (2) In the event a bankruptcy as intended in paragraph (1) occurs due to the mistakes or negligence of the BOD and the Company's bankruptcy assets are insufficient to settle all the Company's liabilities arising from such bankruptcy, each member of the BOD shall be jointly and personally responsible for all outstanding liabilities of the bankruptcy assets.
- (3) The responsibility as intended in paragraph (2) shall also apply to the responsible and negligent members of the BOD who were members of the BOD during the 5 (five)-year period prior to the determination of the declaration of bankruptcy.
- (4) Members of the BOD shall not be responsible for the Company's bankruptcy as intended in paragraph (2) if they can prove that:
 - a. the bankruptcy was not due to their mistake or negligence;

- b. they have conducted management in good faith, prudently, and with full responsibility for the interest of the Company and in accordance with the purposes and objectives of the Company;
 - c. they have no conflict of interest either directly or indirectly in the management performed; and
 - d. they have taken actions to prevent the bankruptcy.
- (5) The provisions as intended in paragraphs (2), (3), and (4) shall be applicable to the BOD of a Company declared bankrupt based on a petition from a third party.

Article 105

- (1) Members of the BOD may be discharged at any time based on a resolution of the GMS stating the reasons therefor.
- (2) The resolution to discharge a member of the BOD as intended in paragraph (1) shall be adopted after the person concerned is given an opportunity to defend him/herself in the GMS.
- (3) In the event the resolution to discharge a member of the BOD as intended in paragraph (2) is conducted by a resolution outside the GMS in accordance with the provision as intended in Article 91, the concerned member of the BOD shall be notified in advance regarding the termination plan and be given an opportunity to defend him/herself before the resolution to discharge him/her is made.
- (4) The opportunity to defend him/herself as intended in paragraph (2) is not necessary in the event the concerned member has no objection to being discharged.
- (5) The termination of a member of the BOD shall be effective as of:
 - a. the GMS as intended in paragraph (1) being adjourned;
 - b. the date of the resolution as intended in paragraph (3);
 - c. another date as stipulated in the GMS resolution as intended in paragraph (1); or
 - d. another date as stipulated in the resolution as intended in paragraph (3).

Article 106

- (1) Members of the BOD may be temporarily suspended by the BOC by stating the reasons therefore.
- (2) The temporary suspension as intended in paragraph (1) shall be notified in writing to the concerned member of the BOD.

- (3) The member of the BOD temporarily suspended as intended in paragraph (1) shall not be authorized to carry out his duties as intended in Article 92 paragraph (1) and Article 98 paragraph (1).
- (4) Within 30 (thirty) days following the date of temporary suspension, a GMS must be held.
- (5) At the GMS as intended in paragraph (4), the concerned member of the BOD shall be given an opportunity to defend him/herself.
- (6) The GMS may cancel or confirm the resolution on temporary suspension.
- (7) In the event the GMS confirms the resolution for temporary suspension, the concerned member of the BOD shall be permanently terminated.
- (8) In the event a GMS as intended in paragraph (4) is not held within 30 (thirty) days, or if the GMS cannot adopt a resolution, the temporary suspension shall be canceled.
- (9) For a Publicly Listed Limited Liability Company holding a GMS as intended in paragraphs (4) and (8), the laws and regulations governing the Capital Markets shall be applicable.

Article 107

The Company's articles of association shall stipulate provisions regarding:

- a. the procedure for tendering a resignation for the members of the BOD;
- b. the procedure for filling a vacant BOD member position; and
- c. the authorized party to manage and represent the Company, in the event all members of the BOD are unavailable or temporarily suspended.

Part Two Board of Commissioners

Article 108

- (1) The BOC performs supervisory duties on management policy, the general performance of management, regarding both the Company and the Company's business, and provides advice to the BOD.
- (2) The supervision and advice provided as intended in paragraph (1) are conducted for the interest of the Company and in accordance with the purposes and objectives of the Company.
- (3) The BOC shall consist of 1 (one) or more members.
- (4) A BOC which consists of more than 1 (one) member constitutes a council and each member of the BOC shall not act alone unless based on a resolution of the BOC.

- (5) Companies whose business activities are related to the collection and/or management of public funds, companies issuing acknowledgments of indebtedness to the public and Publicly Listed Limited Liability Companies shall be required to have not less than 2 (two) members of the BOC.

Article 109

- (1) A company conducting business activities based on the *sharia* principles must have a *Sharia* Supervisory Board in addition to the Board of Commissioners.
- (2) The *Sharia* Supervisory Board as intended in paragraph (1) consists of one or more *sharia* expert appointed in a GMS recommended by Indonesian Council of Religious Scholars (MUI).
- (3) The *Sharia* Supervisory Board as intended in paragraph (1) shall have the duty of providing advice and recommendations to the BOD and supervising the Company's activities to ensure that they comply with *sharia* principles.

Article 110

- (1) Those eligible to be nominated as members of the BOC are individuals capable of conducting legal actions, unless within 5 (five) years prior to their appointment:
- a. they were declared bankrupt;
 - b. they became members of the BOD or BOC and were found guilty of causing a Company to be declared bankrupt; or
 - c. they were punished for conducting criminal acts causing losses to state finances and/or that were related to the financial sector.
- (2) The provision on the requirements as intended in paragraph (1) is without prejudice to the possibility that an authorized technical department may stipulate additional requirements based on the prevailing laws and regulations.
- (3) Fulfillment of the requirements as intended in paragraphs (1) and (2) shall be evidenced by letters kept by the Company.

Article 111

- (1) The BOC members shall be appointed by the GMS.
- (2) For the first time, the appointment of the BOC shall be conducted by the founders in a Deed of Establishment as intended in Article 8 paragraph (2) point b.
- (3) Members of the BOC shall be appointed for a specified period of time and shall be eligible for re-election.
- (4) The articles of association shall stipulate the procedures for the appointment, replacement and discharge of members of the BOC and may also stipulate on the nomination of members of the BOC.

- (5) The GMS resolution regarding the appointment, replacement and discharge of members of the BOC shall also stipulate when the appointment, replacement and discharge shall come into effect.
- (6) In the event the GMS does not determine the effective date of the appointment, replacement and discharge of a member of the BOC, such appointment, replacement and discharge shall come into effect as of the closing of the GMS.
- (7) In the event appointment, replacement and discharge of a member of the BOC occurs, the BOD shall be required to notify the Minister for recording in the Company Register within 30 (thirty) days after the date of the GMS resolution.
- (8) In the event the notification as intended in paragraph (7) has not been conducted, the Minister shall reject any further notification regarding amendments of the BOC composition conveyed to the Minister by the BOD.

Article 112

- (1) Appointment of unqualified members of the BOC as intended in Article 110 paragraphs (1) and (2) shall be void by law as soon as another member of the BOC or BOD becomes aware that the requirements have not been fulfilled.
- (2) Within 7 (seven) days after discovery, the BOD should announce the cancellation of appointment of the concerned member of the BOC in a daily newspaper for recording in the Company Register.
- (3) Legal actions conducted by a BOC member as intended in paragraph (1) for and on behalf of the BOC before his/her appointment is cancelled shall still be binding and be the responsibility of the Company.
- (4) The provision as intended in paragraph (2) shall not affect the concerned BOC member's responsibility for the Company's losses as intended in Articles 114 and 115.

Article 113

Provisions regarding the amount of salary or honorarium and allowances for the BOC members shall be stipulated by the GMS.

Article 114

- (1) The BOC shall be responsible for the supervision of the Company as intended in Article 108 paragraph (1).
- (2) Each member of the BOC is required in good faith, prudentially, and with a sense of responsibility to carry out his/her supervisory duties and provide advice to the BOD as intended in Article 108 paragraph (1) for the interest of the Company and in accordance with the purposes and the objectives of the Company.

- (3) Each member of the BOC shall participate in taking personal responsibility for the losses suffered by the Company, should the person concerned be found guilty or negligent in carrying out his/her duties as intended in paragraph (2).
- (4) In the event the BOC consists of 2 (two) or more members, the responsibility as intended in paragraph (3) shall be jointly and personally borne by all members of the BOC.
- (5) Members of the BOC shall not be responsible for the losses as intended in paragraph (3) if they can prove that:
 - a. they have performed supervision in good faith and prudently for the interest of the Company and in accordance with the purposes and objectives of the Company;
 - b. they have no personal interest either directly or indirectly in the management acts of the BOC that cause losses; and
 - c. they have offered advice to the BOD to prevent the losses from occurring and continuing.
- (6) On behalf of the Company, shareholders representing at least 1/10 (one tenth) of the total shares with voting rights may file a claim with the District Court against a member of the BOC who due to his/her mistakes or negligence has caused losses to the Company.

Article 115

- (1) In the event the bankruptcy is caused by a mistake or negligence of the BOC in carrying out its supervision of the management performed by the BOD and the Company's assets are insufficient to settle all the Company's liabilities as a result of the bankruptcy, each member of the BOC shall be jointly and personally responsible together with the members of the BOD for the outstanding liabilities.
- (2) The responsibility as intended in paragraph (1) shall also be applicable to members of the BOC who held positions up to 5 (five) years before the decision on bankruptcy is pronounced.
- (3) Members of the BOC shall not be responsible for the Company's bankruptcy as intended in paragraph (1) if they can prove that:
 - a. the bankruptcy was not due to their mistakes or negligence;
 - b. they have performed their supervisory duties in good faith and prudently for the interest of the Company and in accordance with the purposes and objectives of the Company;
 - c. they have no personal interest either directly or indirectly in the management by the BOD that causes the bankruptcy; and

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- d. they have offered advice to the BOD to prevent the bankruptcy from occurring.

Article 116

The BOC is required:

- a. to prepare minutes of the BOC meeting and retain a copy;
- b. to report to the Company regarding their and/or their family members' share ownership in the Company and other Companies; and
- c. to provide reports regarding their supervisory duties conducted during the previous financial year to the GMS.

Article 117

- (1) The articles of association may stipulate the granting of authority to the BOC to give approval or assistance to the BOD in performing certain legal acts.
- (2) In the event the articles of association stipulate requirements for granting the approval and assistance as intended in paragraph (1), then without the approval or assistance of the BOC, the legal action shall still bind the Company insofar as other parties to the legal action acted in good faith.

Article 118

- (1) Based on the articles of association or a GMS resolution, the BOC can take over management actions for the Company under certain conditions for a certain period of time.
- (2) A BOC which under certain conditions for a certain period of time takes over management actions as intended in paragraph (1) shall take on all the provisions regarding the rights, authority, and obligation of the BOD towards the Company and third Parties.

Article 119

The provision regarding the termination of members of the BOD as intended in Article 105 shall be applicable *mutatis mutandis* to the termination of members of the BOC.

Article 120

- (1) The articles of association of a Company may stipulate the presence of 1 (one) or more Independent Commissioner and 1 (one) Delegate Commissioner.
- (2) The Independent Commissioner as intended in paragraph (1) is appointed based on a GMS resolution from a party unaffiliated with the principal shareholders, the members of the BOD and/or other members the BOC.
- (3) The Delegate Commissioner as intended in paragraph (1) is a member of the BOC designated based on a resolution of the BOC meeting.

- (4) The duties and authorities of the Delegate Commissioner shall be stipulated in the articles of association of the Company on the condition that they do not contravene the duty and authority of the BOC and without prejudice to the management duties conducted by the BOD.

Article 121

- (1) In performing its supervisory duties as intended in Article 108, the BOC may establish a committee one or more of whose members are members of the BOC.
- (2) The Committee as intended in paragraph (1) shall be responsible to the BOC.

CHAPTER VIII MERGER, CONSOLIDATION, ACQUISITION AND DEMERGER

Article 122

- (1) A Company merger or consolidation results in the merging or consolidating companies being wound up by law.
- (2) The winding-up of the Company as intended in paragraph (1) occurs without a prior liquidation process.
- (3) In the event a Company is wound up as intended in paragraph (2), then:
 - a. then merging or consolidating Company's assets and liabilities are transferred by law to the Company receiving the merger or the Company resulting from the consolidation;
 - b. the shareholders of the merging or consolidating companies by law become the shareholders of the Company receiving the merger or the Company resulting from the consolidation; and
 - c. the merging or consolidating companies shall be wound up by law as of the date the merger or consolidation takes effect.

Article 123

- (1) The BOD of the merging Company and the Company receiving the merger shall draw up a plan for the Merger.
- (2) The Merger Plan as intended in paragraph (1) should contain at least the following:
 - a. name and domicile of each Company planning to conduct the Merger;
 - b. the reasons and explanation from the BOD of each Company planning to conduct the Merger and the requirements for the Merger;
 - c. the procedures for the valuation and conversion of the merging Company's shares into the shares of the Company receiving the Merger;

- d. the draft amendment of the articles of association of the Company receiving the Merger, if any;
 - e. the financial statement as intended in Article 66 paragraph (2) point a covering the last 3 (three) financial years of each Company intending to conduct Merger;
 - f. continuing or winding-up plans for the business activities of the Companies conducting the Merger;
 - g. the pro forma balance sheet of the Company receiving the Merger pursuant to the generally accepted financial accounting standards applicable in Indonesia;
 - h. the settlement procedure for the status, rights and obligations of the members of the BOD, BOC, and the employees of each Company conducting the Merger;
 - i. the settlement procedure for the rights and obligations of the merging Company toward third parties;
 - j. the settlement procedure for the rights of the shareholders who do not agree to conduct Merger;
 - k. the names of the BOD and BOC members and the salary, honorarium and other allowances for the BOD and BOC members of the Company receiving the Merger;
 - l. an estimate of the duration of the merger implementation;
 - m. report on the conditions, developments, and the results achieved by each Company conducting the Merger;
 - n. the main activities of each Company conducting the merger and the changes that have occurred during the current financial year; and
 - o. details of the problems which have arisen during the current financial year affecting the activities of each company conducting the merger.
- (3) The Merger Plan as intended in paragraph (2), after obtaining approval from the BOC of each Company, shall be submitted to the GMS of each Company for approval.
- (4) For certain companies planning to conduct a Merger, in addition to the applicability of the provisions of this Law, they must also first obtain an approval from the related institution pursuant to the prevailing laws and regulations.
- (5) The provisions as intended in paragraphs (1) to (4) shall also apply to a Publicly Listed Limited Liability Company unless otherwise stipulated in laws and regulations governing the capital markets.

The provisions as intended in Article 123 shall apply *mutatis mutandis* for companies conducting a consolidation.

Article 125

- (1) Acquisition of a Company shall be conducted by the acquisition of shares issued and/or to be issued by the Company either through the Company's BOD or directly from the shareholders.
- (2) The acquisition of a Company may be conducted by a legal entity or by an individual.
- (3) The acquisition of a Company as intended in paragraph (1) shall be a share acquisition that results in the transfer of control over the Company concerned.
- (4) For the acquisition of a Company conducted by a legal entity in the form of a Limited Liability Company, the BOD before taking the legal action of acquisition must make a GMS resolution which complies with the requirements on the quorum for attendance and the provision regarding the requirements for adopting resolutions at a GMS as intended in Article 89.
- (5) In the event the acquisition is conducted through the BOD, the party intending to conduct the acquisition shall inform the BOD of the company to be acquired of their intention to conduct the acquisition.
- (6) The BOD of the Company to be acquired and the party intending to conduct the acquisition, with the approval of each party's BOC, shall formulate the acquisition plan containing at least the following:
 - a. the name and domicile of the Company intending to conduct the acquisition and the Company to be acquired;
 - b. the reason and explanation from the BOD of the Company intending to conduct the acquisition and the BOD of the Company to be acquired;
 - c. the financial statement as intended in Article 66 paragraph (2) point a for the last financial year of the Company intending to conduct the acquisition and the Company to be acquired;
 - d. the procedure for the valuation and conversion of the shares of the Company to be acquired into replacement shares if the payment for the acquisition is conducted using shares;
 - e. the number of shares to be acquired;
 - f. the availability of funds;
 - g. the pro forma consolidated balance sheet of the Company intending to conduct the acquisition after the Acquisition has been prepared in accordance with the generally accepted financial accounting standards applicable in Indonesia;

- h. the settlement procedure for the rights of shareholders who do not agree with the Acquisition;
 - i. the settlement procedure for the status, rights and obligations of the members of the BOD, BOC and the employees of the Company to be acquired;
 - j. an estimate of the duration of conducting the Acquisition, including the period for granting the power of attorney for the share transfer from the shareholders to the Company's BOD;
 - k. plan for amendments of the articles of association of the Company resulting from the Acquisition, if any.
- (7) In the event the acquisition is conducted directly from a shareholder, the provisions as intended in paragraphs (5) and (6) shall not be applicable.
- (8) An acquisition of shares as intended in paragraph (7) shall take into consideration the provisions of the articles of association of the acquired Company regarding the transfer of rights to shares and any agreements entered into by the Company with other parties.

Article 126

- (1) The legal actions of Merger and Consolidation, Acquisition or Demerger must be done with due observance of the interests of:
- a. the Company, the minority shareholders, the Company's employees;
 - b. the creditors and other business partners of the Company; and
 - c. the public and fair competition in conducting business.
- (2) Shareholders who do not agree with the GMS resolution regarding a Merger, Consolidation and Acquisition as intended in paragraph (1) may only exercise their rights as intended in Article 62.
- (3) The exercise of rights as intended in paragraph (2) shall not prevent the implementation process of the Merger, Consolidation, Acquisition or Demerger.

Article 127

- (1) The resolutions of the GMS concerning Merger, Consolidation, Acquisition or Demerger of the Company shall be valid if adopted in accordance with the provisions of Article 87 paragraph (1) and Article 89.
- (2) The BOD of the Company intending to conduct the Merger, Consolidation, Acquisition or Demerger shall be required to announce a summary of the plan in at least 1 (one) daily newspaper and to announce it in writing to the employees of the Company intending to conduct the Merger, Consolidation, Acquisition or Demerger by no later than 30 (thirty) days prior to the notice of the GMS.

- (3) The announcement as intended in paragraph (2) shall also include a notice stating that the related parties can obtain the Merger, Consolidation and Acquisition plan at the Company's offices as from the date of the announcement until the date the GMS is held.
- (4) Creditors may file an objection to the Company no later than 14 (fourteen) days after the announcement as intended in paragraph (2) concerning the Merger, Consolidation, Acquisition or Demerger in accordance with the plan.
- (5) In the event within the time period as intended in paragraph (4), a creditor does not file an objection, the creditor shall be deemed to agree with the Merger, Consolidation, Acquisition or Demerger.
- (6) In the event an objection by a creditor as intended in paragraph (4) cannot be settled by the BOD before the date the GMS is held, the objection should be conveyed at the GMS in order to reach a settlement.
- (7) Insofar as no settlement as intended in paragraph (6) has been reached, the Merger, Consolidation, Acquisition or Demerger cannot be conducted.
- (8) The provisions of paragraphs (2), (4), (5), (6) and (7) shall be applicable mutatis mutandis for an announcement within the framework of a share acquisition conducted directly from the shareholders of the Company as intended in Article 125.

Article 128

- (1) The Merger, Consolidation, Acquisition or Demerger Plan approved by the GMS must be included in a deed of Merger, Consolidation, Acquisition or Demerger drawn up before a Notary in the Indonesian Language.
- (2) A Deed of Share Acquisition conducted directly from the shareholders shall be stated in a Notarial Deed in the Indonesian language.
- (3) A Deed of Consolidation as intended in paragraph (1) shall serve as the basis for drawing up the Deed of Establishment of the Company resulting from such consolidation.

Article 129

- (1) A copy of the Deed of Company Merger shall be attached to:
 - a. the request to obtain the Minister's approval as intended in Article 21 Paragraph (1); or
 - b. the notification letter addressed to the Minister regarding amendment of the articles of association as intended in Article 21 paragraph (3).
- (2) In the event the Company does not include an amendment to the articles of association, a copy of the Deed of Merger must be conveyed to the Minister for recording in the Company Register.

Article 130

A copy of the Deed of Consolidation shall be attached to the request to obtain the Ministerial Decree regarding ratification of Company Incorporation resulting from Consolidation as intended in Article 7 paragraph (4).

Article 131

- (1) A copy of the Deed of Company Acquisition shall be attached to a notification to the Minister regarding amendments of the articles of association as intended in Article 21 paragraph (3).
- (2) In the event the share acquisition is conducted directly from the shareholders, the copy of the deed of transfer of right to shares shall be attached to the notice to the Minister regarding the amendment of the shareholder's composition.

Article 132

The provisions as intended in Articles 29 and 30 shall also be applicable to a Company Merger, Consolidation or Acquisition.

Article 133

- (1) The BOD of the Company receiving Merger or the BOD of the Company resulting from the Consolidation shall announce the result of the Merger or Consolidation in 1 (one) or more daily newspapers within 30 (thirty) days as of the effective date of the Merger or Consolidation.
- (2) The provision as intended in paragraph (1) shall also apply to the BOD of a Company whose shares are acquired.

Article 134

Further provisions regarding Company Mergers, Consolidations and Acquisitions shall be stipulated in a Government Regulation.

Article 135

- (1) A Demerger may be conducted by means of:
 - a. a pure demerger; or
 - b. an impure demerger.
- (2) A pure demerger as intended in paragraph (1) point a causes the transfer by law of all assets and liabilities of the Company to 2 (two) or more other Companies receiving the transfer, and the Company conducting the demerger is terminated by law.
- (3) An impure demerger as intended in paragraph (1) point b causes all or part of the assets and liabilities of the Company to be transferred by law to 1 (one) or more other Companies receiving the transfer, and the Company conducting the demerger continues to exist.

Article 136

Further provisions regarding demerger shall be stipulated in a Government Regulation.

Article 137

Unless the laws and regulations governing the capital markets stipulate otherwise, the provisions as intended in Chapter VIII shall also apply to Publicly Listed Limited Liability Companies.

CHAPTER IX
INVESTIGATION OF A COMPANY

Article 138

- (1) An investigation of a Company can be conducted for the purpose of obtaining data or information should there be a suspicion that:
 - a. the Company has committed an unlawful act causing losses to the shareholders or third parties; or
 - b. members of the BOD or the BOC have committed an unlawful act causing losses to the Company, the shareholders or third parties.
- (2) The investigation as intended in paragraph (1) shall be conducted by filing a request in writing including the reasons to the District Court whose jurisdiction covers the Company's domicile.
- (3) The request as intended in paragraph (2) may be submitted by:
 - a. 1 (one) or more shareholders representing at least 1/10 (one tenth) of the total shares with valid voting rights;
 - b. other parties which, based on the prevailing laws and regulations, the Company's articles of association or an agreement with the Company, are authorized to submit a request for an investigation; or
 - c. the Attorney General's Office for the interest of the general public.
- (4) The request as intended in paragraph (3) letter a shall be submitted after the applicant has first requested the Company to provide the data or information concerning the Company at the GMS, and the Company does not provide the requested data or the information.
- (5) The request for obtaining data and information concerning the Company or the request for an investigation to obtain such data or information must be based on valid reasons and be in good faith.

- (6) The provisions as intended in paragraph (2), paragraph (3) letter a and paragraph (4) shall not preclude the laws and regulations governing the capital markets determining otherwise.

Article 139

- (1) The Chairman of the District Court may reject or approve request as intended in Article 138.
- (2) The Chairman of the District Court as intended in paragraph (1) shall reject the request if such request is not based on reasonable grounds and/or is not made in good faith.
- (3) In the event the request is approved, the Chairman of the District Court shall issue a decision on the investigation and the appointment of not more than 3 (three) experts to conduct an investigation for the purpose of obtaining the data and information needed.
- (4) No member of the BOD or BOC, the Company's employees, consultants, or public accountants appointed by the Company may be appointed as experts as intended in paragraph (3).
- (5) Experts as intended in paragraph (3) shall be entitled to investigate all documents and assets of the Company that are deemed necessary by the experts to be known.
- (6) Each member of the BOD and BOC and all employees of the Company shall be required to provide all information needed to conduct the investigation confidential.
- (7) The experts as intended in paragraph (3) shall be required to keep secret the results of the investigation.

Article 140

- (1) The report on the results of the investigation must be submitted by the experts as intended in Article 139 to the Chairman of the District Court within the time period as determined in the court's stipulation on the investigation, which shall be no later than 90 (ninety) days as of the date of the appointment of the experts.
- (2) The Chairman of the District Court shall give a copy of the report on the results of the investigation to the applicant and the Company concerned within 14 (fourteen) days after the report on the results of the investigation is received.

Article 141

- (1) In the event that the request for an investigation is approved, the Chairman of the District Court shall determine the maximum cost of the investigation.
- (2) The cost as intended in paragraph (1) shall be paid by the Company.
- (3) The Chairman of the District Court upon the request of the Company may order that all or a portion of the investigation costs as intended in paragraph (2) be reimbursed by the applicant, members of the BOD and/or members of the BOC.

CHAPTER X
DISSOLUTION, LIQUIDATION AND CESSATION OF THE COMPANY'S LEGAL ENTITY
STATUS

Article 142

- (1) The Company shall be dissolved for the following reasons:
- a. based on a resolution of the GMS;
 - b. the duration of the Company as stipulated in the articles of association expires;
 - c. by a Court decision;
 - d. if upon a revocation of bankruptcy status by a final and binding Commercial Court decision, the Company's bankruptcy assets are inadequate to settle the bankruptcy costs;
 - e. if the bankruptcy assets of a Company declared bankrupt are in a state of insolvency, as regulated in the Law regarding Bankruptcy and Postponement of Debt Settlement Obligations; or
 - f. due to the revocation of the Company's business license, requiring the Company to carry out liquidation in accordance with the prevailing laws and regulations.
- (2) In the event the Company is dissolved as intended in paragraph (1):
- a. this must be followed by a liquidation conducted by a liquidator or a curator; and
 - b. the Company cannot perform legal actions, unless otherwise required to settle all matters relating to the liquidation process of the Company.
- (3) In the event the Company is dissolved based on a resolution of the GMS, its duration of association as stipulated in the articles of association of the Company expires, or upon revocation of the bankruptcy status by a Commercial Court decision, and the GMS does not appoint a liquidator, the BOD shall act as the liquidator.
- (4) In the event the Company is dissolved with the revocation of the bankruptcy status as intended in paragraph (1) point d, the Commercial Court shall at the same time decide to terminate the receiver with due observance of the provisions of the Law regarding Bankruptcy and Postponement of Debt Settlement Obligations.
- (5) In the event the provisions as intended in paragraph (2) point b are contravened, the members of the BOD and BOC and the Company shall be held jointly and personally liable.

- (6) The provisions regarding the appointment, temporary suspension, termination, authorities, obligations, responsibilities, and supervision of the BOD shall apply mutatis mutandis to the liquidator.

Article 143

- (1) Company dissolution does not cause the Company to lose its legal entity status until the liquidation process is completed and the liquidator's accountability report is accepted by the GMS.
- (2) Upon liquidation, all of the Company's outgoing correspondence should contain the words "in liquidation" after the Company's name.

Article 144

- (1) The BOD, BOC or 1 (one) or more shareholders representing at least 1/10 (one tenth) of the total shares with voting rights, may submit a proposal for the dissolution of the Company to the GMS.
- (2) The GMS resolution regarding the dissolution of the Company shall be valid if adopted in accordance with the provisions as intended in Article 87 paragraph (1) and Article 89.
- (3) Company dissolution shall commence as of its stipulation in the GMS resolution.

Article 145

- (1) Company dissolution due to the expiration of its duration of association as stipulated in the articles of association shall occur by operation of law.
- (2) The GMS shall stipulate the appointment of a liquidator within 30 (thirty) days after the expiration of the duration of association.
- (3) The BOD shall not take any new legal actions on behalf of the Company after the Company's duration of association as set forth in the articles of association expires.

Article 146

- (1) The District Court may dissolve the Company upon:
- a. a request from the Public Prosecutor's Office based on the grounds that the Company has contravened the public interest or the Company has acted in violation of the prevailing laws and regulations;
 - b. a request from a concerned party based on the grounds that there are legal flaws in its Deed of Establishment;
 - c. a request from the shareholders, the BOD or BOC by reason that the Company is not in a condition to continue its operations.
- (2) The Court stipulation shall also contain the appointment of a liquidator.

Article 147

- (1) Within 30 (thirty) days as of the date the Company is dissolved, the liquidator is required to:
 - a. notify all creditors regarding the dissolution of the Company by announcing the Company's dissolution in daily newspapers and the State Gazette of the Republic of Indonesia; and
 - b. notify the Minister regarding the dissolution of the Company to be recorded in the Company Register.
- (2) The notification to creditors through daily newspapers and the State Gazette of the Republic of Indonesia as intended in paragraph (1) point a shall contain:
 - a. the dissolution of the Company, including the legal basis;
 - b. the name and of address of the liquidator;
 - c. the procedure for submitting claims; and
 - d. the deadline for submitting claims.
- (3) The deadline for submitting claims as intended in paragraph (2) point d shall be within 60 (sixty) days as of the date of the announcement as intended in paragraph (1).
- (4) The notification to the Minister as intended in paragraph (1) point b shall be accompanied by the following evidence:
 - a. the legal basis for the dissolution of the Company; and
 - b. the notification to creditors in daily newspapers as intended in paragraph (1) point a.

Article 148

- (1) In the event the notification to the creditors and the Minister as intended in Article 147 have not been done, the Company's dissolution shall not be valid for third parties.
- (2) In the event the liquidator has failed to make the notifications as intended in paragraph (1), the liquidator and the Company shall be held jointly and liable responsible for losses suffered by third parties.

Article 149

- (1) The liquidator's obligations in settling the Company's assets during the liquidation process include:
 - a. the recording and gathering of the Company's assets and liabilities;

- b. the announcement in daily newspapers and the State Gazette of the Republic of Indonesia on the asset distribution plan resulting from the liquidation;
 - c. payments to all creditors;
 - d. payment of the remaining assets resulting from the liquidation to the shareholders; and
 - e. other actions that need to be conducted in undertaking the settlement of assets.
- (2) In the event the liquidator estimates that the Company's total debt exceeds its assets, the liquidator is required to file a request for Company bankruptcy, unless the prevailing laws and regulations stipulate otherwise, or all creditors whose identities and addresses are known have agreed to conduct settlement outside bankruptcy.
- (3) The creditors may file objections to the asset distribution plan resulting from the liquidation process within 60 (sixty) days as of the date of the announcement as intended in paragraph (1) point b.
- (4) In the event the objections filed by the creditors as intended in paragraph (3) are rejected by the liquidator, the creditors may file a claim to the District Court within 60 (sixty) days as of the date of the rejection.

Article 150

- (1) Creditors submitting claims within the deadline as intended in Article 147 paragraph (3), but objections whose are later rejected by the liquidator, may file a claim to the District Court within 60 (sixty) days as of the date of the rejection.
- (2) Creditors who have not yet submitted claims may submit them through the District Court within 2 (two) years as of the announcement of the dissolution of the Company as intended in Article 147 paragraph (1).
- (3) Claims submitted by the creditors as intended in paragraph (2) may be made if there are residual assets resulting from the liquidation that are allocated for the shareholders.
- (4) In the event the residual assets resulting from the liquidation have been distributed to the shareholders and a creditor's claim is submitted as intended in paragraph (2), the District Court shall instruct the liquidator to withdraw the residual assets resulting from the liquidation that have been distributed to the shareholders.
- (5) The shareholders shall return the residual assets resulting from the liquidation as intended in paragraph (4) in the proportion of between the amount received against the amount of the claim.

Article 151

- (1) In the event the liquidator is unable to carry out his/her obligations as intended in Article 149, then at the request of interested parties, or at the request of the Public Prosecutor's Office, the Chairman of the District Court can appoint a new liquidator and discharge the old liquidator.
- (20) The termination of the liquidator as intended in paragraph (1) shall be done after he person concerned is summoned to a hearing.

Article 152

- (1) The liquidator shall be responsible to the GMS or the court that appointed him or her for the conduct of the Company's liquidation.
- (2) The receiver shall be responsible to the supervisory judge for implementing the Company's liquidation.
- (3) The liquidator is required to notify the Minister and announce the final results of the liquidation process in daily newspapers after the GMS has released and discharged the liquidator or after the District Court accepts the accountability report from the liquidator that it appointed.
- (4) The provision as intended in paragraph (3) shall also apply to a receiver whose accountability report has been accepted by the supervisory judge.
- (5) The Minister shall record the termination of the Company's legal entity status and remove the Company's name from the Company Register after the fulfillment of the provisions as intended in paragraphs (3) and (4).
- (6) The provision as intended in paragraph (5) shall also apply to the termination of the Company's legal entity status due to a Merger, Consolidation or Demerger of the Company.
- (7) The notification and announcement as intended in paragraphs (3) and (4) shall be carried out within 30 (thirty) days as of the date the accountability report of the liquidator or receiver is accepted by the GMS, the Court or supervisory judge.
- (8) The Minister shall announce the termination of the Company's legal entity status in the State Gazette of the Republic of Indonesia.

CHAPTER XI FEES

Article 153

The provisions regarding the fees for:

- a. obtaining approval to use the Company's name;
- b. obtaining the Company's incorporation decision;
- c. obtaining approval for an amendment of the articles of association;

- d. obtaining information on the Company's data in the Company Register;
- e. The mandatory obligatory announcement under this Law in the State Gazette of the Republic of Indonesia and the Supplement to the State Gazette of the Republic of Indonesia; and
- f. obtaining a copy of the Ministerial Decree regarding Company's incorporation or approval for the amendment of the articles of association of the Company,

shall be regulated in a Government Regulation.

CHAPTER XII OTHER PROVISIONS

Article 154

- (1) The provisions of this Law shall apply to Publicly Listed Limited Liability Companies unless stipulated otherwise in the laws and regulations governing the capital markets.
- (2) Laws and regulations governing the capital markets that deviate from exempting the provisions of this Law shall not contravene the legal principles of a Company as contained in this Law.

Article 155

The provisions regarding the responsibility of the BOD and/or BOC for their mistakes and negligence as regulated under this Law shall be without prejudice to the provisions regulated in the Criminal Code.

Article 156

- (1) In the framework of implementing and developing this Law, a team of experts has been established to monitor the Company Law.
- (2) The membership of the team as intended in paragraph (1) shall consist of the following elements:
 - a. the government;
 - b. experts/academics;
 - c. professionals; and
 - d. business community.
- (3) The expert team shall be authorized to review Deeds of Establishment and amendments of articles of association obtained by the team's own efforts or upon a request from a concerned party, and to convey its opinion on the results of the review to the Minister.

- (4) Further provisions regarding the authority, organizational structure and operation of the expert team shall be stipulated in a Ministerial Decree.

CHAPTER XIII TRANSITIONAL PROVISIONS

Article 157

- (1) Articles of association of a Company that has obtained legal entity status and amendments of articles of association that were approved or reported to the Minister and registered in the Company Register before this Law comes into effect, shall remain effective in so far as they do not contravene this law.
- (2) Articles of association of a Company which has not yet obtained legal status or amendments of articles of association which have not been approved by or reported to the Minister at the time this law comes into effect must be revised to comply with this Law.
- (3) A Company that obtains legal entity status based on the prevailing laws and regulations shall amend its articles of association to comply with the provisions of this Law within 1 (one) year after this Law comes into effect.
- (4) Companies which do not revise their articles of association within the time period as intended in paragraph (3) may be dissolved by a court decision upon the request of the public prosecutor's office or a concerned party.

Article 158

Companies that do not comply with the provisions of Article 36 at the time this Law comes into effect, shall comply within 1 (one) year after this Law comes into effect.

CHAPTER XIV CLOSING PROVISIONS

Article 159

The subordinate legislation of Law Number 1 Year 1995 regarding Limited Liability Companies shall remain in effect insofar as it does not contradict this law or until the replacement legislation based on this Law becomes effective.

Article 160

As of the date this Law becomes effective, Law Number 1 Year 1995 Regarding Limited Liability Companies (State Gazette of the Republic of Indonesia Number 13 Year 1995, Supplement to the State Gazette of the Republic of Indonesia Number 3587) is hereby revoked.

Article 161

This Law shall come into effect as of the date of its enactment.

For the purpose of public cognizance, this Law shall be promulgated by publishing it in the State Gazette of the Republic of Indonesia.

Ratified in Jakarta
On: August 16, 2007

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
On: August 16, 2007

MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA

Signed

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 106 OF 2007

Issued as a true copy
DEPUTY STATE SECRETARY FOR LEGISLATION

Signed

MUHAMMAD SAPTA MURTI

Note

ELUCIDATION
ON
LAW OF THE REPUBLIC OF INDONESIA
NUMBER 40 YEAR 2007
REGARDING
LIMITED LIABILITY COMPANIES

I. GENERAL

National economic development is organized based on economic democracy applying the principle of solidarity, efficiency based on justice, continuity, environmental perspective, autonomy, and by keeping a balance between progress and national economic unity, with the purpose of realizing public welfare. Enhancement of national economic development needs to be supported by a law governing limited liability companies that can guarantee a conducive business environment. Up to now, limited liability companies have been regulated under Law Number 1 Year 1995 Regarding Limited Liability Companies, which replaced the laws and regulations originating in colonial times. The renewal of the law was intended to create uniformity in law and at the same time fulfill the need for laws to further drive national economic development. However, in its development, the provisions contained in that Law are deemed to have been unable to fulfill the needs of the community and the developments in law became economic and scientific conditions as well as technological and information developments have progressed rapidly, particularly in the globalization era. In addition, there is an increasing public demand for fast services, legal certainty and the development of a business community that conforms to the principles of good corporate governance, all of which require an improvement of Law Number 1 Year 1995 Regarding Limited Liability Companies.

This Law contains various provisions regarding Limited Liability Companies, in the form of additional new provisions, corrections and improvements, while retaining old provisions that are still considered relevant. To further clarify the essence of a Limited Liability Company it is expressly confirmed in this Law that a Limited Liability Company is a legal entity which constitutes a capital partnership, established based on an agreement, conducting business activities with authorized capital which entirely consists shares, and fulfilling the requirements as stipulated in this Law and its implementing regulations.

In the framework of fulfilling the public demand for fast services, this Law regulates the procedures for:

1. the submission of applications for and grant of incorporation status;
2. the submission of applications for and grant of approval for the amendments of articles of association;
3. the delivery of notifications and receipt of notification concerning amendments of the articles of association and/or the delivery of notifications and receipt of notifications concerning changes to other data,

conducted through electronic legal entity administration information technology system services while retaining the manual system in certain conditions.

With regard to applications for Company incorporation, it is expressly confirmed that this is the collective authority of the founders, which they can either perform by themselves or through delegation to a notary.

The ratified Deed of Company Establishment and Deed of Amendment of Articles of Association approved and/or notified to the Minister shall be recorded in the Company Register and announced in the State Gazette of the Republic of Indonesia by the Minister. With regard to the grant of legal entity status, approval and/or receipt of notifications of amendments of articles of association, and changes to other data, this Law shall not refer to the Law regarding Mandatory Company Registration.

To further clarify and confirm the provisions regarding Company Organs, amendments are also made in this Law to the provisions on convening the General Meeting of the Shareholders (GMS) to take advantage of technological developments. Therefore, the GMS may be convened through electronic media such as a teleconference, video conference, or any other electronic media.

This Law also clarifies and confirms the duties and responsibilities of the Board of Directors ("BOD") and Board of Commissioners ("BOC"). This Law regulates on independent commissioners and delegate commissioners.

Pursuant to the development of business activities based on sharia principles, this Law requires a Company conducting business activities based on sharia principles to have a Sharia Supervisory Board in addition to the BOC. The duties of the Sharia Supervisory Board shall be to provide counsel and recommendations to the BOD and to supervise the Company's activities so that they conform with sharia principles.

The provisions regarding a Company's capital structure in this Law remain the same, namely consisting of authorized capital, issued capital and paid-up capital. However, the minimum amount of a Company's authorized capital has been amended to Rp. 50,000,000 (Fifty Million Rupiah), while the obligatory issued capital must be paid in full. With regard to repurchasing the shares issued by a Company, this is possible in principle, provided that the time frame of which the Company can control the repurchased shares does not exceed 3 (three) years. Particularly with regard to the utilization of profits, this Law confirms that a Company may distribute profits and set aside an obligatory reserve if the Company has a net profit balance.

This law stipulates concerning Social and Environmental Responsibility for the purpose of realizing a continued economic development in order to improve the quality of life and environment for the benefit of the Company itself, the local community, and the public in general. This provision is intended to enable harmonious, balanced, Company relations and in conformity with the environment, values, norms and culture of the local community, therefore it is determined that a Company whose activities are in and/or related to natural resources is required to implement Social and Environmental Responsibility. To implement such Company obligation, the Social and Environmental Responsibility activities must be budgeted and set off as Company costs that shall be carried out in due observance of appropriacy and reasonableness. Such activities shall be included in the Company's annual report. In the event a Company does not implement Social and Environmental Responsibility, the Company concerned shall be subject to sanctions under the provisions of laws and regulations.

This law re-affirms the provisions regarding the dissolution, liquidation and expiration of a Company's legal entity status with due observance of the provisions of the Law regarding Bankruptcy and Postponement of Debt Settlement Obligations.

In the framework of the implementation and development of this law, an expert for Company law monitoring shall be established whose duties will be to provide input to the Minister regarding Limited Liability Companies. To guarantee the credibility of this expert panel, the members of the expert panel shall consist of various elements of the government, experts/academics, professionals, and the business community.

Through a comprehensive arrangement covering the various aspects of Limited Liability Companies, this Law is expected to fulfill the public's need for a Law and should provide better legal certainty, particularly for the business community.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Paragraph (1)

The provisions of this Article clarify the characteristics of a Limited Liability Company, namely that a shareholder's liability is limited to the amount of the payment for all of their shares, and does not include their personal assets.

Paragraph (2)

In certain cases, it is possible to remove such limited liability, if it is proven that the matters as stated in this paragraph have occurred.

The limit on a shareholder's liability to the amount of their payment for all the shares they own may be revoked if it is proven, among other things, that a shareholder's personal assets and the Company's assets are mixed, such that the Company was established solely as an instrument to fulfill the personal objectives of the shareholder as intended in points b and d.

Article 4

The enforcement of this Law, the Company's Articles of Association and other laws and regulations, shall not prejudice the obligations of each Company to comply with the principles of good faith, norms and decency, and the principle of good corporate governance in managing the Company's affairs.

What is meant by "other laws and regulations" is all laws and regulations relating to the existence and activities of the Company, including the subordinate legislation, among others the regulations on banking, insurance and financial institutions.

In the event that a conflict arises between the articles of association and this Law, this Law shall prevail

Article 5

The domicile of the Company shall also be the head office of the Company.

The Company shall be required to have an address within that domicile which must be mentioned, among other things, in its correspondence, and the Company may be contacted at that address.

Article 6

If the Company is established for a limited duration, such duration must be expressly stated, such as 10 (ten) years, 20 (twenty) years, 35 (thirty-five) years, etc. Similarly, if a Company is established for an unlimited period of time, this must also be expressly stated in the articles of association.

Article 7

Paragraph (1)

What is meant by "persons" shall be individuals, whether Indonesian or foreign citizens, and Indonesian and foreign legal entities.

The provisions of this paragraph expressly confirm the prevailing principle based on this Law that basically as a legal entity, a Company is established based on an agreement, therefore it has more than 1 (one) shareholder.

Paragraph (2)

Self-explanatory.

Paragraph (3)

In the event of a Consolidation, all the assets and liabilities of the consolidating Company shall become the capital of the Company resulting from the Consolidation and the founders shall not subscribe the shares, so that the founders of the Company resulting from the consolidation shall be the consolidating Company, and the names of the shareholders of the Company resulting from the Consolidation shall be the names of the shareholders of the consolidating Company.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Commitments made and losses suffered by the Company that shall become the personal liabilities of the shareholders are commitments and losses that occur after the 6 (six)-month period lapses.

What is meant by “stakeholder” is the public prosecutor’s office in the public interest, the shareholders, the BOD, the BOC, the employees of the Company, the creditors, and/or other stakeholders.

Paragraph (7)

Due to its special status and characteristics, the requirements on the number of founders of the Company as intended in this paragraph will be regulated under separate laws and regulations.

Point a

What is meant by “Shareholder Company” is a state-owned enterprise in the form of a Limited Liability Company which capital is divided into shares, as stipulated in the Law Regarding State-owned Enterprises.

Point b

Self-explanatory.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Point a

When establishing a company, the nationality of its founders must be specified. Basically, an Indonesian legal entity in the form of a Company is established by Indonesian citizens or legal entities. However, foreign citizens and legal entities are given the opportunity to establish an Indonesian legal entity in the form of a Company insofar as this is permitted under the laws regulating the Company’s line of business, or if the Company’s establishment is regulated by a separate Law.

In the event the founder is a foreign legal entity, the number and date of the founder’s incorporation shall be a similar document, among other things, a certificate of incorporation.

In the event the founder is a state-owned or regional government-owned legal entity, a Government Regulation on participation in the Company or a Government Regulation on regional government participation in the company is required.

Point b

Self-explanatory.

Point c

What is meant by “shares subscribed” shall be the amount of shares subscribed by the shareholders upon the establishment of the Company.

In the event there is a remittance exceeding the nominal value causing a difference in the surplus of the real value actually paid in the nominal value, this shall be noted in the financial statements as *agio*.

Paragraph (3)

Self-explanatory.

Article 9

Paragraph (1)

What is meant by “electronic legal entity administration information technology system services” is a type of service provided to the public in the process of ratifying a Company’s legal entity status.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “direct” in this provision is contemporaneously with an application submission being received.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

What is meant by “electronic signature” is a signature attached to or included in the electronic data by an authorized official proving the authenticity of the data, in the form of an electronic image of the authorized official's signature created through computer media.

Paragraph (7)

See explanation in paragraph (3).

Paragraph (8)

A request as intended in this paragraph shall not be subject to any additional costs.

Paragraph (9)

Self-explanatory.

Paragraph (10)

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Paragraph (1)

“Legal actions” as intended in this provision means, among other things, legal actions conducted by the prospective founders with other parties that shall be compensated with share ownership and payments of the prospective founders of the Company.

Paragraph (2)

"Attached" is the combining of documents performed by attaching or sewing such documents to integrate them with the Deed of Establishment.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 13

Paragraph (1)

This provision stipulates the procedures that must be followed in order to assign to the Company the rights and/or obligations arising from the actions undertaken by the prospective founders prior to the Company's establishment, through explicit acceptance, expropriation of rights and obligations arising from said legal actions.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 14

Paragraph (1)

What is meant by "legal actions on behalf of the Company" are legal actions either by stating that the Company is a party to a legal action or by stating that the Company is an interested party in a legal action.

This provision is meant to expressly state that members of the BOD may not conduct legal actions on behalf of a Company that has not obtained legal entity status without the approval of all founders, the other members of the BOD and the members of the BOC.

Paragraph (2)

What is meant by “the responsibility of the concerned founders, and shall not be binding on the company” is the responsibility of the founders personally conducting such actions, and the Company shall not be responsible for the legal actions conducted by such founders.

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by “attended by” is either attending in person or being represented under a power of attorney.

Paragraph (5)

Self-explanatory.

Article 15

Paragraph (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

See explanation in Article 6.

Point d

Self-explanatory.

Point e

Self-explanatory.

Point f

Self-explanatory.

Point g

Self-explanatory.

Point h

What is meant by “procedures for appointment” includes the selection procedure, among others, oral or closed ballot selection procedures, and selection of individual candidates or packets.

Point i

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

In the event that no “Tbk.” abbreviation is affixed, this means it is a Non-Publicly Listed Limited Liability Company.

Paragraph (4)

Self-explanatory.

Article 17

Paragraph (1)

The provisions of paragraph (1) shall not prevent the Company from having its domicile in a village or district insofar as the articles of association include the name of the city or regency of the village or district. For example, PT Bayu is domiciled in the village of Bojongsari, Pandaan village, Pasuruan regency.

Paragraph (2)

Self-explanatory.

Article 18

The Company's purposes and objectives are the main business of the Company.

Business activities are activities conducted by the Company in the framework of achieving its purposes and objectives, which must be clearly specified in detail in the articles of association, and such detailed specification may not contradict the articles of association.

Article 19

Self-explanatory.

Article 20

Paragraph (1)

The receiver's approval shall be sought prior to making the decision to amend the articles of association. This is intended to avoid the possibility of rejection by the receiver, which would result in the decision to amend the articles of association being cancelled.

Paragraph (2)

Self-explanatory.

Article 21

Paragraph (1)

Self-explanatory.

Paragraph (2)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

See explanation of Article 6.

Point d

Self-explanatory.

Point e

Self-explanatory.

Point f

Amendments of the articles of association of a Company that has Non-Publicly Listed Limited Liability Company status to become a Publicly Listed Limited Liability Company, or vice versa, shall cover amendments of all provisions of the articles of association so that the Minister's approval shall be granted for all such amendments of the articles of association.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

What is meant by "shall be declared in a notarial deed" is the form of a deed of meeting resolutions or a deed of amendment of articles of association.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

In the event that the request is submitted anyway, the Minister is obligated to reject such request or notification.

Article 22

Paragraph (1)

The provisions of this paragraph are intended to be without prejudice to the provisions contained in Article 21 paragraph (7).

For example:

a Company is established for a period of 50 years and will be dissolved on November 15, 2007, pursuant to the provisions as intended in Article 22 paragraph (1), therefore if the duration of the association needs to be extended, the request for an approval of the amendments of its articles of association regarding the extension of the duration of association must be submitted to the Minister by no later than September 15, 2007.

In the event the GMS decides to extend the duration of association on August 1, 2007 and states this in a notarial deed on August 7, 2007, the request must be submitted to the Minister by no later than September 7, 2007.

In the event the GMS on the extension of the duration of association is held on August 20, 2007, the extension of the duration of association must be stated in a notarial deed and a request for extension submitted to the Minister by no later than September 15, 2007, pursuant to the provisions of Article 22 paragraph (1).

Paragraph (2)

Self-explanatory.

Article 23

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “this Law stipulates otherwise” is, among other things, as intended in Articles 25 and 26 of this Law, regulating the requirements to be fulfilled before a Ministerial Decree becomes effective or a later date stipulated in a Ministerial Decree that contains deferred requirements that must be fulfilled first or at a later date.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Point a

Self-explanatory.

Point b

What is meant by “later date to be stipulated” shall be a date after the date of the Minister’s approval.

Point c

What is meant by “later date to be stipulated in the Deed of Merger or Deed of Acquisition” shall be a date agreed by all parties and a date after the date of receipt of the notification of amendments of the articles of association by the Minister.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

What is meant by “changes in Company data” is, among other things, data regarding transfers of rights on shares, the replacement of members of the BOD and BOC, the dissolution of the Company.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 30

Self-explanatory.

Article 31

Self-explanatory.

Article 32

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “certain business activities” is, among other things, the banking, insurance and freight forwarding businesses.

Paragraph (3)

The provision in this paragraph is needed to anticipate changes in the economic climate(?).

Article 33

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “valid evidence of payment” is, among other things, the shareholder’s evidence of payment to the Company’s bank account, data from financial statements audited by an accountant, or the Company’s balance sheet signed by the BOD and BOC.

Paragraph (3)

This provision confirms that payment for shares in installments is not permitted.

Article 34

Paragraph (1)

Generally, payment for shares shall be in monetary form. However, payment of shares in other forms is possible, either in the form of tangible assets or intangible assets that can be valued monetarily and that have actually been received by the company.

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

Paragraph (2)

The fair value of a share capital payment is determined in accordance with the market value. If the market value is not available, then fair value is determined based on the most appropriate valuation technique for the characteristics of the payment, based on the best relevant information available.

What is meant by "an expert who is not affiliated" is an expert who does not have:

- a. a family relationship either by marriage or lineage up to the second degree, horizontally or vertically, with an employee, a member of the BOD or BOC, or a shareholder of the Company;
- b. a relationship with the Company due to a similarity with one or more members of the BOD or BOC;
- c. a relationship to the control of the Company, directly or indirectly; and/or
- d. shares in the Company in the amount of 20% (twenty percent) or more.

Paragraph (3)

The purpose of announcing a payment for shares in the form of immovable assets in the daily newspapers is for public cognizance and to give concerned parties an opportunity to submit their objections to the surrender of such object as a share capital payment, for instance, should it be discovered that the object does not belong to the depositor.

Article 35

Paragraph (1)

The need for a GMS approval as intended in this paragraph is to re-affirm that only with the approval of the GMS can compensation be performed, because with the approval for compensation, the pre-emptive rights of other shareholders to subscribe new shares are automatically waived.

Paragraph (2)

Based on the provision in this paragraph, interest and penalties payable that have become due and must be paid because they have not actually been received by the Company cannot be compensated with share payments.

Point a

Self-explanatory.

Point b

What is meant by this provision is that the party acting as a guarantor for the Company's debts has settled the Company's debts in full, such that it has the right to make a claim to the Company.

Point c

What is meant by this provision is that the obligation to pay for the Company's debts in its capacity as a guarantor shall be defaced, the creditor's right to claim is compensated with a payment of shares issued by the Company.

Paragraph (3)

Self-explanatory.

Article 36

Paragraph (1)

In principle, share issuance is an attempt to accumulate capital; therefore the payment obligation for shares should be borne by other parties. For the sake of certainty, this Article determines that a Company may not issue shares for its own ownership.

A Company is also prohibited from a crossholding ownership, which occurs when a Company owns shares issued by another Company that owns the first Company's shares, either directly or indirectly.

The definition of direct crossholding is when one Company owns shares in a second Company without ownership in one or more "intermediary Companies" and, conversely, the second Company owns shares in the first Company.

The definition of indirect crossholding is when one Company owns shares in a second Company through ownership in one or more "intermediary Companies" and, conversely, the second Company owns shares in the first Company.

Paragraph (2)

Share ownership resulting in the ownership of shares by the Company itself or a crossholding of share ownership is not prohibited if the share ownership is obtained on the basis of assignment by law, grant, or testament since in such a case there is no issuance of shares that require payment from other parties, and thus it does not contravene the provisions on prohibition as intended in paragraph (1).

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by "a securities company" is as intended in the Law Regarding Capital Markets.

Article 37

Paragraph (1)

Repurchasing the Company's shares shall not cause a reduction in capital unless the shares are withdrawn.

Point a

What is meant by "net assets" is all of the Company's assets minus all of the Company's liabilities in accordance with the latest financial statement ratified by the GMS within the last 6 (six) months.

Point b

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The provision regarding the 3 (three)-year period in this paragraph is intended so that the Company may decide whether the shares are to be sold or withdrawn by reducing the capital.

Article 38

Self-explanatory.

Article 39

Paragraph (1)

What is meant by “implementation” is a determination concerning the time, the procedure for repurchasing the shares, and the number of shares to be repurchased, but shall not include matters that are the duties of the BOD in a share repurchase, such as making payments, keeping the share certificates, and recording them in the Shareholders Register.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Paragraph (1)

What is meant by the “Company's capital” is the authorized capital, issued capital and paid-up capital.

Paragraph (2)

What is meant by “implementation” in this article is a determination concerning the time, the procedure, and the amount of capital increase, which shall not exceed the maximum limit stipulated by the GMS, but does not include the duties of the BOD when increasing the capital, such as receiving payments for shares and recording them in the Register of Shareholders.

Paragraph (3)

Self-explanatory.

Article 42

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “number of voting shares” is the total number of all shares with voting rights issued by the Company.

What is meant by “unless stipulated higher in the articles of association” is a quorum in the articles of association that is stipulated to be higher than the quorum stipulated in this paragraph.

Paragraph (3)

Self-explanatory.

Article 43

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Point a

What is meant by “shares issued to the Company’s employees” is among other things, shares issued in the framework of the Company’s ESOP (employee stock option program) together with all the rights and obligations attached thereto.

Point b

Self-explanatory.

Point c

What is meant by “reorganization and/or restructuring” is, among other things, Merger, Consolidation, Acquisition, receivables compensation or Demerger.

Paragraph (4)

What is meant by “a period of 14 (fourteen) days” includes the time limit for the shareholder to take over the portion of other shareholders that do not exercise their rights.

Article 44

Paragraph (1)

What is meant by "reduction in capital" shall be a reduction in authorized capital, issued capital and paid-up capital.

A reduction in issued capital and paid-up capital can occur by way of withdrawing issued shares to be deleted, or by reducing the nominal value of the shares.

Paragraph (2)

Self-explanatory

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Paragraph (1)

“Share withdrawal” means that these shares shall be withdrawn from circulation in the framework of reducing the issued capital and paid-up capital.

Paragraph (2)

What is meant by “share withdrawal” is a share withdrawal resulting in the deletion of these shares from circulation.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 48

Paragraph (1)

What is meant by this provision is that the Company is only permitted to issue shares registered in the names of their owners and the Company may not issue bearer shares.

Paragraph (2)

What is meant by “competent authorities” is the authorities that based on the Law have the authority to supervise Companies conducting business activities in certain lines of business, for instance, Bank Indonesia, is authorized to supervise Companies engaging in banking business, the Minister for Energy and Mineral Resources has the authority to supervise Companies engaging in energy and mining business.

Paragraph (3)

What is meant by “cannot execute its right as a shareholder” is, for instance, the right to be recorded in the shareholders register, the right to attend and cast votes at the GMS, and the right to receive dividends distributed.

Article 49

Self-explanatory.

Article 50

Paragraph (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

What is meant by “the amount paid” is at least the same amount as the nominal value of the shares.

Point d

Self-explanatory.

Point e

Self-explanatory.

Paragraph (2)

What is meant by “special list” is one of the information sources regarding the amount of ownership and the interest of the Company's BOD and BOC members in the relevant company or in other companies, so that any potential conflict of interest may be kept to a minimum.

What is meant by "their family members" is their spouses and children.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

What is meant by “not otherwise regulated” is not that the obligation to compile the Shareholder Register and the Special List shall be removed for Publicly Listed Limited Liability Companies, but that the capital markets laws and regulations may determine the criteria for the data to be included in the Shareholders Register and the Special List.

Article 51

The regulation of the form of evidence of share ownership shall be stipulated in the articles of association as needed

Article 52

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Based on this article, the shareholders are prohibited from dividing up the rights in 1 (one) share as they wish.

Paragraph (5)

Self-explanatory.

Article 53

Paragraph (1)

What is meant by "classification of shares" is share groups based on similar characteristics.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by "common shares" is shares with voting rights for adopting resolutions at the GMS concerning any matters related to the Company's management, and with the right to receive the distribution of dividends and the remaining assets in a liquidation process.

The voting rights held by the common shareholders may also be held by shareholders of other classes of shares.

Paragraph (4)

These various elements of classes of shares do not always indicate that the classes are separate from one other; they may be a combination of 2 (two) or more classes of shares.

Article 54

Paragraph (1)

Fractions of a share are only possible if this is regulated in the Articles of Association.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 55

Self-explanatory.

Article 56

Paragraph (1)

What is meant by "deed" is either a deed drawn up before a notary or a privately drawn-up deed.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by "notify the Minister regarding the change of the shareholders composition" also includes a change to the shareholders composition due to inheritance, Acquisition, or Demerger.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 57

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “transfer of rights by law” shall be, among others, the transfer of rights by inheritance or the transfer of rights as a consequence of a Merger, Consolidation or Demerger.

Article 58

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “shall only be valid once” is that the Company’s articles of association cannot stipulate an offer of its shares more than once before an offer is made to a third party.

Article 59

Self-explanatory.

Article 60

Paragraph (1)

Ownership over shares as movable assets shall grant a property right to their owner. Such right may be retained against any person.

Paragraph (2)

Self-explanatory.

Paragraph (3)

This provision is intended to enable the Company or any other concerned parties to obtain information concerning the status of the shares concerned.

Paragraph (4)

This provision is to re-ascertain the legal principle that voting rights cannot be transferred separately from share ownership. Rights other than voting rights may be subject to an agreement entered into by the shareholders and security holders.

Article 61

Paragraph (1)

The lawsuit filed basically contains a request that the Company discontinue the detrimental actions and take certain steps to overcome the consequences resulting from those actions and to prevent similar actions from occurring in the future.

Paragraph (2)

Self-explanatory

Article 62

Paragraph (1)

Point a

Self-explanatory.

Point b

What is meant by “net assets” is the net assets according to the latest balance sheet ratified within the last 6 (six) months.

Point c

Self-explanatory.

Paragraph (2)

Self-explanatory.

Article 63

Self-explanatory.

Article 64

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “unless otherwise stipulated in laws and regulations” is that if the laws and regulations otherwise stipulate that approval for the work plan is provided by the GMS, then the articles of association cannot stipulate that the work plan shall be approved by the BOC, and vice versa. Similarly, if the laws and regulations stipulate that the work plan must be approved by the BOC or GMS, then the articles of association cannot stipulate that the work plan need only be conveyed to the BOC or GMS by the BOD.

Paragraph (3)

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Paragraph (1)

Self-explanatory.

Paragraph (2)

Point a

Self-explanatory.

Point b

What is meant by “Company activity report” includes reports on the results or performance of the Company.

Point c

Self-explanatory.

Point d

What is meant by “details of issues” includes disputes or issues involving the Company.

Point e

Self-explanatory.

Point f

Self-explanatory.

Point g

Self-explanatory.

Paragraph (3)

What is meant by "financial accounting standards" is the standards set forth by the Accounting Standards Council of the Indonesian Accountants Association acknowledged by the Government of the Republic of Indonesia.

Paragraph (4)

Self-explanatory.

Article 67

Paragraph (1)

What is meant by "signing of the annual report" is a manifestation of the responsibility of the BOD and BOC members in carrying out their duties.

In the event that the Company's financial statement is to be audited by a public accountant, the annual report concerned shall be the annual report containing the audited financial statement.

Paragraph (2)

What is intended by "the reasons therefor in writing" is so that GMS may use them as one of its considerations in evaluating said report.

For members of the BOD or BOC who do not provide their reasons, among other things, because the persons concerned have passed away, these reasons shall be stated in a separate letter from the BOD attached to the annual report.

Paragraph (3)

Self-explanatory.

Article 68

Paragraph (1)

The obligation to submit the financial statements to a public accountant for auditing is determined by the nature of the Company concerned.

The obligation to submit the financial statements for external supervision is justified by the assumption that the people's trust must not be dishonored. This also applies to companies mobilizing funds from the capital markets for their financing.

Point a

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

Point b

What is meant by "acknowledgements of indebtedness" is, among other things, bonds.

Point c

Self-explanatory.

Point d

See explanation in Article 7 paragraph (7) point a.

Point e

Self-explanatory.

Point f

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The purpose of this announcement is in the framework of achieving public accountability and transparency.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 69

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The financial statements produced must reflect the actual condition of the assets, liabilities, capital and business results of the Company's activities. The BOD and the BOC shall be fully responsible for the correctness of the contents of the Company's financial statements.

Paragraph (4)

Self-explanatory.

Article 70

Paragraph (1)

What is meant by "net profits" is the profits for the current year after tax deductions.

Paragraph (2)

What is meant by "positive profit balance" is the Company's net profits for the current financial year after closing the Company's accumulated losses in the previous year.

Paragraph (3)

The Company establishes a mandatory reserve and other types of reserve. The reserve as intended in paragraph (1) is an obligatory reserve. The mandatory reserve is a certain amount that must be put aside by the Company in each financial year to be used to cover potential future losses that may be suffered by the Company. The obligatory reserve shall not always be in the form of cash, but may be in the form of other assets that may easily be converted to cash and cannot be distributed as dividends. Whereas what is meant by "other reserves" is reserves other than obligatory reserves that may be used for other purposes by the Company, such as business expansion, dividend distribution, social purposes, etc.

The provision of at least 20% (twenty percent) of the total issued and paid-up capital is considered to be the proper amount for obligatory reserves.

Paragraph (4)

Self-explanatory.

Article 71

Paragraph (1)

The GMS resolution in this paragraph shall take into consideration the reasonableness and interest of the Company.

Based on the GMS resolution it may be stipulated that part or all of the net profits are to be distributed to the shareholders as dividends, reserves and/or or other types of distribution such as tantieme for BOD and BOC members, and bonuses for employees.

The distribution of tantieme and bonuses in relation to the Company's performance shall be budgeted and calculated as expenses.

Paragraph (2)

What is meant by "all net profits" is the total net profits for the relevant financial year after deducting the Company's accumulated losses from the previous financial year.

Paragraph (3)

In the event the Company's net profits in the relevant financial year cannot completely cover the Company's accumulated losses from the previous year, the Company cannot distribute dividends because the Company still has a negative net profit balance.

Article 72

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

An example of an interim dividend that must be returned follows:

The interim dividend distributed is in the amount of Rp. 1,000.00 (one thousand rupiah) per share. The company suffers losses and thus has no positive net profit balance so that no dividend is distributed. Thus, the amount to be returned is Rp. 1,000.00 (one thousand rupiah) per share.

The Company suffers losses but the Company has retained earnings and a positive net profit balance so that, for example, the GMS decides on a dividend of Rp. 200.00 (two hundred rupiah) per share. Thus, the share that must be returned is Rp. 1,000.00 (one thousand Rupiah) minus Rp. 200.00 (two hundred Rupiah), i.e. Rp.800.00 (eight hundred rupiah).

Paragraph (6)

Self-explanatory.

Article 73

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by the amount of dividends to be collected is the nominal amount of dividends excluding interest.

Paragraph (3)

The amount of dividends not collected and that become the Company's right shall be recorded under the other income journal heading in the books of the company.

Article 74

Paragraph (1)

This provision is intended to create a harmonious, balanced, corporate relationship in conformity with the environment, values, norms, and culture of the local community.

What is meant by "a Company conducting business activities in the natural resources sector" is a Company whose business activities are managing and utilizing natural resources.

What is meant by "a Company conducting business activities related to natural resources" is a Company that does not manage or utilize natural resources, but whose business activities have an impact on the functional capacity of the natural resources.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “shall be subject to sanctions in accordance with the provisions of laws and regulations” is subject to all forms of sanctions stipulated in related laws and regulations.

Paragraph (4)

Self-explanatory.

Article 75

Paragraph (1)

Self-explanatory.

Paragraph (2)

The provision in this paragraph is connected with the shareholder's right to obtain information relating to the meeting agenda, without prejudice to the shareholder's right to obtain other information in relation to the shareholder's rights regulated in this Law, among others, the shareholder's right to inspect the Shareholder's Register and the Special List as regulated in Article 50 paragraph (4), and the shareholder's right to obtain materials for the meeting immediately after the notice of meeting as intended in Article 82 paragraph (3) and paragraph (4).

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 76

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by “provision as intended in paragraph (3)” is that the GMS must be held within the territory of the Republic of Indonesia.

Paragraph (5)

Self-explanatory.

Article 77

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by “approved and signed” is either physically or electronically approved and signed.

Article 78

Paragraph (1)

What is meant by “other GMS” is what is often known in practice as the extraordinary GMS.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 79

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “reasons that are the basis for a request to convene a GMS” is, among other things, that the BOD does not hold an annual GMS within the stipulated time limit or that the term of office of the BOD and/or BOC members will expire.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Paragraph (10)

Self-explanatory.

Article 80

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “court stipulation regarding quorum for attendance and the provision regarding requirements for adopting resolutions at the GMS” is specifically applicable to the third GMS while for the first and second GMS the stipulations regarding the quorum for attendance and the requirements for adopting resolutions are as provided in Article 86, Article 87, Article 88 and Article 89 or the Company’s Articles of Association.

What is meant by “the form of the GMS” is the annual GMS or other GMS.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

What is meant by “final and having permanent legal force” is that upon such stipulation no cassation, appeal or reconsideration may be filed. This provision is intended so that the convening of the GMS may not be postponed.

Paragraph (7)

The possible remedy if the court stipulates to reject the request is only the remedy of cassation, and there is no possibility of reconsideration.

Paragraph (8)

Self-explanatory.

Article 81

Paragraph (1)

Self-explanatory.

Paragraph (2)

The notice of the GMS shall be the responsibility of the BOD. Such notice of the GMS may be made by the BOC, among other things, in the event the BOD does not convene a GMS as stipulated in Article 79 paragraph (6), in case the BOD is unable to, or if there is a conflict of interest between the BOD and the Company.

Article 82

Paragraph (1)

The “14 (fourteen)-day period” is the minimum period of notice for a meeting. Therefore, the Articles of Association cannot stipulate a shorter period of time than 14 (fourteen) days, except for the second and third meetings in line with the provisions of this Law.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 83

Paragraph (1)

The announcement is intended to provide an opportunity to the shareholders to make proposals to the BOD to add to the agenda of the GMS.

Paragraph (2)

Self-explanatory.

Article 84

Paragraph (1)

What is meant by “unless otherwise stipulated in the articles of association” is when the articles of association issue a share without voting rights. In the event the articles of association do not stipulate on this, it may be considered that each issued share has one voting right.

Paragraph (2)

Through this provision, Company shares that are controlled by the Company, either directly or indirectly, shall have no voting rights and shall not be calculated in determining the quorum.

Point a

What is meant by “controlled by the Company itself” is control by way of ownership, repurchase or pledge.

Point b

Self-explanatory.

Point c

Self-explanatory.

Article 85

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The provision in this paragraph is a manifestation of deliberation to reach a consensus as acknowledged in this Law. Therefore, split voting is not permitted.

For a Publicly Listed Limited Liability Company, split voting made by a custodian bank or securities company representing the shareholders in a mutual fund shall not constitute split voting as intended in this paragraph.

Paragraph (4)

In determining the quorum for the GMS, the shares of the shareholders represented by members of the BOD, members of the BOC and the Company's employees as proxies shall also be counted, but they shall not be entitled to cast votes when voting in their capacity as the shareholder's proxy.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 86

Paragraph (1)

Deviation from the provision in this paragraph is only possible for matters stipulated by this Law. The Articles of Association may not determine a quorum that is less than the quorum stipulated by this Law.

Paragraph (2)

In case the quorum for the first GMS is not reached, the meeting must be opened and then adjourned by preparing the minutes of the meeting stating that the first GMS cannot be continued because the quorum has not been reached, followed by a notice for the second GMS.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

In case the quorum for the second GMS is not reached, the meeting must be opened and then adjourned by preparing the minutes of the GMS stating that the second GMS cannot be continued because the quorum has not been reached, followed by a request being filed with the Chairman of the District Court to stipulate a quorum for the third GMS.

Paragraph (6)

In the event the Chairman of the District Court is unable to attend, the decision shall be stipulated by another official representing the Chairman.

Paragraph (7)

What is meant by “a final and having permanent legal force” is that upon such stipulation no appeal, cassation or reconsideration may be filed.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Article 87

Paragraph (1)

What is meant by “deliberation to reach a consensus” is a consensus that is approved by the shareholders who attend or are represented in the GMS.

Paragraph (2)

What is meant by “approved by more than 1/2 (one half)” is that the proposal contained in the meeting agenda must be approved by more than 1/2 (one half) of the total votes cast. If there are 3 (three) proposals or candidates and no one gets more than 1/2 (one half) of the votes, the voting on the 2 (two) proposals or candidates having the majority of votes must be repeated so that one of the proposals or candidates gets more than 1/2 (one half) of the votes.

Article 88

Self-explanatory.

Article 89

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “a larger number for the quorum of attendance and/or the provision regarding requirements for a larger number for adopting resolutions at the GMS” is a larger number than the quorum stipulated in this paragraph, but not a larger number than the quorum stipulated in paragraph (1).

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 90

Paragraph (1)

The signing by the Chairman of the meeting and at least 1 (one) shareholder appointed by and from among the participants of the GMS is intended to guarantee the certainty and correctness of the contents of the minutes of the GMS.

Paragraph (2)

Self-explanatory.

Article 91

What is meant by “adopt a binding resolution outside the GMS” is known in practice as a circular resolution.

The adoption of such a resolution is conducted without physically convening a GMS, rather, the resolution is adopted by sending out a proposal in writing that shall be decided on by all the shareholders and such proposal will be approved in writing by all the shareholders.

What is meant by a “binding resolution” is that the resolution has the same legal force as a GMS resolution.

Article 92

Paragraph (1)

This provision delegates the BOD to manage the Company, including among other things the management of the day-to-day activities of the Company.

Paragraph (2)

What is meant by “the policy that it considers appropriate” is a policy that is, among other things, based on expertise, available opportunities, and customary practices in similar business fields.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

The BOD as a Company organ conducting the management of the Company should clearly understand the needs of the company’s management. Therefore, if the GMS does not stipulate the authorities and duties of the members of the BOD, then it is reasonable for the BOD itself to make such a stipulation.

Article 93

Paragraph (1)

The period of 5 (five) years is calculated from the time the person concerned was declared guilty by a court decision having permanent legal force of causing the bankruptcy of a Company, or if he was punished it is calculated as of the punishment being completed.

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

What is meant by “financial sector” is among other things, banking and non-bank financial institutions, capital markets, and other sectors related to the mobilization and management of public funds.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 94

Paragraph (1)

The GMS authority cannot be delegated to other Company organs or any other parties.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The requirement for the appointment of the BOD members for “a specified period of time” means that a member of the BOD who has completed his/her term of office does not automatically retain his/her previous position, unless re-appointed based on a resolution of the GMS. For example, for a period of 3 (three) or 5 (five) years as of the date of his/her appointment, such that as of the expiration of such period of time, the former member of the BOD concerned shall not be entitled to act for and on behalf of the company, unless re-appointed by the GMS.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

What is meant by “changes in BOD membership” also includes changes due to the re-appointment of the members of the BOD.

Paragraph (8)

What is meant by “request” is the request for approval of the amendment of the articles of association as intended in Article 21 paragraph (2).

What is meant by “notification” is the notification of the amendment of the articles of association as intended in Article 21 paragraph (3) and notifications regarding other Company data that must be notified to the Minister pursuant to the provisions of this law.

Paragraph (9)

Self-explanatory.

Article 95

Paragraph (1)

Appointments of members of the BOD shall be null and void by law as soon as a violation of the provision in Article 93 is detected by another member of the BOD or BOC based on valid evidence, and a written notification shall be sent to the concerned member of the BOD at the time such matter is detected.

Paragraph (2)

What is meant by “other members of the BOD” is members of the BOD other than the member of the BOD whose appointment has been cancelled, and who are authorized to represent the BOD in accordance with the articles of association. If no such members of the BOD are available, then the announcement shall be made by the BOC.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 96

Paragraph (1)

What is meant by “the amount of salary and remuneration of the members of the BOD” shall be the amount of salary and remuneration of each member of the BOD.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 97

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “with full responsibility” is conscientious and diligent attention to the Company.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

Self-explanatory.

Point d

What is meant by “taken actions to prevent the said losses from occurring and continuing” also includes steps to obtain information concerning management actions that may cause losses, among others, through the forum of a meeting of the BOD.

Paragraph (6)

In the event that the BOD actions cause losses to the Company, shareholders meeting the requirements as stipulated in this paragraph can represent the Company to file claims or lawsuits against the BOD through the court.

Paragraph (7)

The claim filed by the BOC shall be in the framework of the BOC's duties in implementing its supervisory function on the management of the Company conducted by the BOD. In filing such claim, the BOC does not need to act in conjunction with other members of the BOD and the authority of the BOC shall not be limited to cases where all members of the BOD have a conflict of interest in this matter.

Article 98

Paragraph (1)

Self-explanatory.

Paragraph (2)

This Law basically abides by the principle of collegiate representation, meaning that each member of the BOD shall be authorized to represent the Company. However, for the purposes of the Company, the Articles of Association can stipulate that the Company is represented by certain members of the BOD.

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by “shall not contradict the provisions of the Laws” is, for example, that the GMS is not authorized to decide that the BOD needs only the approval of the BOC or the approval of the GMS by a quorum of less than 3/4 (three quarters) to pledge or transfer a large part of the Company's assets.

What is meant by “shall not contradict the Company's Articles of Association” is, for example, where the Articles of Association stipulate that for a loan of funds of more than Rp. 1,000,000,000.00 (one billion Rupiah), the BOD must obtain approval from the BOC.

The GMS is not authorized to adopt a resolution which states that for a loan of funds of more than Rp. 500,000,000.00 (five hundred million Rupiah), the BOD must obtain approval from the BOC without first amending the relevant provision of the Articles of Association.

Article 99

Self-explanatory.

Article 100

Paragraph (1)

Point a

The Shareholder's Register and the Special List shall be in accordance with the provisions as intended in Article 50.

The minutes of the GMS and minutes of the BOD meeting shall contain all matters discussed and decided upon in each meeting.

Point b

Self-explanatory

Point c

What is meant by "other Company documents" is, among other things, the minutes of the BOC meeting and the Company's licenses.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 101

Any such acquisition and change in share ownership must be reported. The BOD report concerning this matter shall be recorded in the Special List as intended in Article 50 paragraph (2).

For what is meant by "their family members", please refer to the elucidation of Article 50 paragraph (2).

Article 102

Paragraph (1)

What is meant by “the Company’s assets” shall be all movable and immovable assets, whether tangible or intangible, owned by the Company.

What is meant by “in 1 (one) or more related or non-related transactions” is one or more transactions which accumulatively cause the 50% (fifty percent) threshold to be exceeded.

The valuation of more than 50% (fifty percent) of net assets shall be based on the book value according to the latest balance sheet ratified by the GMS.

Paragraph (2)

Unlike a transfer of assets transaction, the underwriting transaction by the Company as intended in Paragraph (1) point b shall not have a limited time period, rather, the amount of Company assets underwritten over a certain time period must be considered.

Paragraph (3)

What is meant by “action to transfer or secure the Company’s assets” is, for example, the sale of houses by a real estate company, the sale of inter-bank commercial papers, and the sale of inventory by a distribution or trading company.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 103

What is meant by “power of attorney” is a special power of attorney for certain actions as described in the power of attorney.

Article 104

To prove the mistakes or negligence of the BOD, the claim shall be filed with the commercial court in accordance with the provisions of the Law Regarding Bankruptcy and Postponement of Debt Settlement Obligations.

Article 105

Paragraph (1)

A GMS resolution to dismiss the member(s) of the BOD may be conducted by reason that the concerned member(s) can no longer fulfill the requirements to be a member of the BOD as stipulated in this Law, among others, he/she has conducted actions causing losses to the Company, or for other reasons deemed appropriate by the GMS.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-defense shall be conducted in writing.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 106

Paragraph (1)

Considering that the dismissal of the BOD member(s) through the GMS requires time to be conducted, while the interest of the Company cannot be postponed, it is reasonable to grant authority to the BOC as the supervisory organ of the Company to conduct a temporary suspension.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The GMS must follow a notice of the GMS made by the Company organ conducting the temporary suspension.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Article 107

Point a

The procedure for the resignation of BOD members as stipulated in the Articles of Association is by submitting a request to resign that must be submitted with a certain time period. Upon the expiration of said period of time, the relevant BOD member(s) shall be discharged from his/her post without the need for approval from the GMS.

Point b

Self-explanatory.

Point c

Self-explanatory.

Article 108

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “for the interest of the Company and in accordance with the purposes and objectives of the Company” is that the supervision and advice provided by the BOC is intended not for a certain party or group but for the interest of the Company as a whole and in accordance with the purposes and objectives of the Company.

Paragraph (3)

Self-explanatory.

Paragraph (4)

In contrast to the BOD, where it is possible for each of the members to act individually in performing the duties of the BOD, the members of the BOC may not act individually in performing the duties of the BOC, unless based on a resolution of the BOC.

Paragraph (5)

Companies whose business activities are related to mobilizing and/or managing public funds, companies issuing acknowledgments of indebtedness to the public and Publicly Listed Limited Liability Companies shall require supervision by a larger number of BOC members because they concern the public interest.

Article 109

Self-explanatory.

Article 110

Paragraph (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

Please refer to the elucidation of Article 93 paragraph (1) point c.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “letters” is statement letters written by the concerned prospective members of the BOC in connection with the requirement in paragraph (1) and letters from the competent authorities in connection with the requirement in paragraph (2).

Article 111

Self-explanatory

Article 112

Paragraph (1)

What is meant by “another member of the BOC” is a member of the BOC other than a member of the BOC whose appointment has been cancelled.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 113

Self-explanatory.

Article 114

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The provision in this paragraph affirms that if the BOC has made mistakes or been negligent in performing its duties, causing losses to the Company because of the management performed by the BOD, the members of the BOC shall also be held responsible for such losses to the extent of their mistakes or negligence.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 115

Self-explanatory.

Article 116

Point a

The minutes of the BOC meeting shall contain all matters discussed and decided upon in the meeting.

What is meant by “a copy” is a copy of the minutes of the BOC meeting, considering that the original minutes shall be retained by the BOD as intended in Article 100.

Point b

Any changes in such share ownership must also be reported.

For what is meant by “their families”, please refer to the elucidation of Article 50 paragraph (2).

Point c

The BOC report regarding this matter shall be recorded in the Special List as intended in Article 50 paragraph (2).

Article 117

Paragraph (1)

What is meant by “give approval” in this paragraph is the giving of approval in writing by the BOC.

What is meant by “assistance” is the BOC’s act of accompanying the BOD in doing certain legal acts.

The granting of approval or assistance by the BOC to the BOD in doing certain legal acts as intended in this paragraph shall not be an act of management.

Paragraph (2)

What is meant by “the legal act shall still bind the Company” is that legal acts done without approval from the BOC pursuant to the provisions of the Articles of Association shall still bind the Company, unless it can be proven that the other party was not acting in good faith. The provision as intended in this paragraph may result in personal responsibility of the BOD members in accordance with the provisions of this Law.

Article 118

Paragraph (1)

This provision is intended to provide authorization to the BOC to perform the management of the Company in case there is no BOD.

What is meant by “in certain circumstances” is, among other things, a circumstance as intended in Article 99 paragraph (2) point b or Article 107 point c.

Paragraph (2)

Self-explanatory.

Article 119

Self-explanatory

Article 120

Paragraph (1)

Self-explanatory.

Paragraph (2)

An Independent Commissioner under the code of good corporate governance is a “commissioner from an outside party”.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 121

Paragraph (1)

What is meant by “committee” is, among other things, the audit committee, the remuneration committee and the nomination committee.

Paragraph (2)

Self-explanatory.

Article 122

Self-explanatory.

Article 123

Paragraph (1)

Self-explanatory.

Paragraph (2)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

The share conversion procedures shall stipulate the fair share price for the merging Company and the fair share price for the Company accepting the merger, in order to determine the share exchange ratio in the framework of share conversion.

Point d

Draft amendment of articles of association in this case is only required to be part of the proposal if the Merger causes an amendment of the articles of association.

Point e

What is meant by “the last 3 (three) financial years of the Company” is a total period of 36 (thirty-six) months.

Point f

Self-explanatory.

Point g

Self-explanatory.

Point h

Self-explanatory.

Point i

Self-explanatory.

Point j

Self-explanatory.

Point k

Self-explanatory.

Point l

Self-explanatory.

Point m

Self-explanatory.

Point n

Self-explanatory.

Point o

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

What is meant by “certain Companies” is Companies having a special field of business, among others, banks and non-bank financial institutions.

What is meant by “related institution” is, among others, Bank Indonesia in case of a Merger of banking Companies.

Paragraph (5)

Self-explanatory.

Article 124

Self-explanatory.

Article 125

Paragraph (1)

Acquisition as intended in this Article is without prejudice to the provisions in Article 7.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

What is meant by “the party intending to conduct the acquisition” is a Limited Liability Company, another legal entity that is not a Company, or an individual.

Paragraph (6)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

Self-explanatory.

Point d

The share conversion procedure stipulates the fair share price of the Company being taken over and the fair share price for the share exchange, to determine a share exchange ratio in the framework of the share conversion.

Point e

Self-explanatory.

Point f

Self-explanatory.

Point g

Self-explanatory.

Point h

Self-explanatory.

Point i

Self-explanatory.

Point j

Self-explanatory.

Point k

Self-explanatory.

Paragraph (7)

The acquisition of shares of another Company directly from the shareholders requires no prior drafting of an Acquisition plan but is directly conducted through negotiations and agreements between the party intending to conduct the acquisition and the shareholders, with due observance of the Articles of Association of the Company to be acquired.

Paragraph (8)

Self-explanatory.

Article 126

Paragraph (1)

This provision re-affirms that a Merger, Consolidation, Acquisition or Demerger cannot be conducted if such action will damage the interest of certain parties.

Further, in such Merger, Consolidation, Acquisition or Demerger the possibility of the occurrence of a monopoly or monopsony in any form should also be prevented, since that would damage the public interest.

Paragraph (2)

Shareholders who do not agree to the Merger, Consolidation, Acquisition or Demerger of the Company are entitled to ask the Company to buy their shares at the fair share price of the Company as intended in the elucidation of Article 123 paragraph (2) point c and Article 125 paragraph (6) point d.

Paragraph (3)

Self-explanatory.

Article 127

Paragraph (1)

Self-explanatory.

Paragraph (2)

The announcement is intended to give an opportunity to the parties concerned to be aware of the plan and to convey their objections if their interests are impaired.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Article 128

Self-explanatory.

Article 129

Self-explanatory.

Article 130

Self-explanatory.

Article 131

Self-explanatory.

Article 132

Self-explanatory.

Article 133

The announcement is intended so that concerned third parties are aware that a Merger, Consolidation or Acquisition has been conducted.

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

- a. Ministerial approval on the amendment of the Articles of Association in case of a merger.
- b. receipt of notification by the Minister in case of an amendment of the Articles of Association as intended in Article 21 paragraph (3) or if there is no amendment to the Articles of Association; and
- c. the ratification of the Deed of Establishment of the Company by the Minister in case a Consolidation has been conducted.

Article 134

Self-explanatory.

Article 135

Paragraph (1)

Point a

Self-explanatory.

Point b

What is meant by an “impure demerger” is commonly known as a spin-off.

Paragraph (2)

What is meant by “transfer by law” is a transfer based on general title, such that no deed of transfer is needed.

Paragraph (3)

Self-explanatory.

Article 136

Self-explanatory.

Article 137

Self-explanatory.

Article 138

Paragraph (1)

Prior to submitting a request for an inspection of the Company, the applicant shall first have asked the Company directly for the data or information they need. In the event that the Company rejects or ignores the request, this provision provides a method for the applicant to use.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 139

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “expert” is a person having expertise in the field to be investigated.

Paragraph (4)

Self-explanatory.

Paragraph (5)

What is meant by “all documents” is all books, records and letters related to the activities of the Company.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 140

Paragraph (1)

Self-explanatory.

Paragraph (2)

Based on the report on the investigation results as intended in this paragraph, the applicant may then decide on their position with respect to the Company.

Article 141

Paragraph (1)

In determining the investigation fee for the investigator, the Chairman of the District Court shall base it on the level of expertise of the investigator, the capacity of the Company and the scope of the Company.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Who will bear the reimbursement costs as intended in this paragraph shall be stipulated by the court with due consideration of the investigation results.

Article 142

Paragraph (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

Self-explanatory.

Point d

Self-explanatory.

Point e

Self-explanatory.

Point f

What is meant by “the revocation of the Company’s business license requiring the Company to carry out liquidation” is a provision that prevents the Company from conducting other types of business after the revocation of its business license, e.g. banking business license, insurance business license.

Paragraph (2)

Unlike the dissolution of a Company as a result of a Merger or Consolidation, which does not require a liquidation to follow, the dissolution of a Company based on the provision in paragraph (1) must be followed by liquidation.

Point a

What is meant by “a liquidation conducted by a receiver” is a liquidation specifically done where the Company is dissolved based on the provision in paragraph (1) point e.

Point b

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

The appointment of a liquidator does not mean that the members of the BOD and BOC are discharged, unless the GMS discharges them.

The competent authority to temporarily suspend the liquidator and to supervise the liquidator is the BOC, in accordance with the provisions of the articles of association.

Article 143

Paragraph (1)

Since the Company being dissolved is still recognized as a legal entity, the Company may still be declared bankrupt and the liquidator shall be replaced by a receiver.

A bankruptcy declaration does not change a dissolved Company's status, therefore the Company must be liquidated.

Paragraph (2)

Self-explanatory.

Article 144

Self-explanatory.

Article 145

Self-explanatory.

Article 146

Paragraph (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

What is meant by "reasons that the Company is not able to continue operations" includes, among others:

- a. the Company does not conduct business activities (is non-active) for 3 (three) years or more, as evidenced by a notification letter conveyed to the tax office;
- b. in the event most of the shareholders' addresses are not known even after being summoned through advertisements in the daily newspaper, such that a GMS cannot be held;
- c. in the event the share ownership balance in the Company is such that the GMS cannot adopt valid resolutions, for example, the 2 (two) shareholders each hold 50% (fifty percent) of the shares; or

- d. the Company's assets have been reduced in such a way that with the existing assets the Company can no longer continue its business activities.

Paragraph (2)

Self-explanatory.

Article 147

Paragraph (1)

The 30 (thirty)-day period is calculated as of the date of:

- a. dissolution by the GMS, if the Company is dissolved by the GMS; or
- b. a court stipulation that has permanent legal force, if the Company is dissolved based on a court stipulation.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The calculation of 60 (sixty)-day period commence on the last date of the announcement of the notification to the creditors, for instance, the announcement in the newspaper is on July 1, 2007, and the announcement in the State Gazette of the Republic of Indonesia is on July 3, 2007, then the last date of the announcement shall be July 3, 2007.

Paragraph (4)

Self-explanatory.

Article 148

Self-explanatory.

Article 149

Paragraph (1)

Point a

Self-explanatory.

Point b

What is meant by "on the asset distribution plan resulting from the liquidation" includes details of the amount of liabilities and the payment plan.

Point c

Self-explanatory.

Point d

Self-explanatory.

Point e

What is meant by “other acts that need to be conducted in implementing the asset settlement” is among other things, submitting a bankruptcy petition because the Company’s liabilities are greater than the Company’s assets.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 150

Self-explanatory.

Article 151

Self-explanatory.

Article 152

Paragraph (1)

What is meant by “the liquidator shall be responsible” is that the liquidator must provide an accountability report on the liquidation they carry out.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Article 153

Self-explanatory.

Article 154

Paragraph (1)

Basically, Companies conducting certain activities in the capital markets, such as Publicly Listed Limited Liability Companies and stock exchanges, shall be subject to the provisions of this Law. However, considering that the Company's activities are specific in nature and different from other Companies in general, it is necessary to allow the possibility of special regulations on such Company.

Such special regulations include, among others, those regarding the capital payment system, matters relating to the repurchase of the Company's shares, voting rights, and convening the GMS.

Paragraph (2)

What is meant by "legal principles of the Company" is the legal principles related to the essence of the Company and the Company organs.

Article 155

Self-explanatory.

Article 156

Self-explanatory.

Article 157

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

What is meant by “a Company that has obtained legal entity status based on prevailing laws and regulations” is a Company having legal entity status that was established under the Indonesian Commercial Code and Law Number 1 Year 1995 Regarding Limited Liability Companies.

Paragraph (4)

Self-explanatory.

Article 158

Based on this provision, the shares owned by such other Company must have been transferred to another party that is not subject to the prohibition as intended in Article 36 within a period of 1 (one) year as of this Law taking effect.

Article 159

Self-explanatory.

Article 160

Self-explanatory.

Article 161

Self-explanatory.

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