

**RULE NUMBER IX.J.1 : THE MAIN ARTICLES OF ASSOCIATION OF COMPANIES THAT MAKE A PUBLIC OFFERING AND PUBLIC COMPANIES**

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Attachment

Decision of the Chairman of Bapepam

Number : Kep-13/PM/1997

Date : April 30, 1997

1. The following definitions apply in this rule:
  - a. Equity Securities means shares or Securities that may be exchanged for shares or Securities that contain the right to obtain shares.
  - b. Company means a corporation that makes a Public Offering of equity Securities or a Public Company.
  - c. GSM means a General Shareholders' Meeting such as the Annual Shareholders' Meeting or other General Shareholders' Meeting.
  - d. Company Law means Law Number 1 of 1995 regarding Limited Companies.
2. Name and Place of Residence of a Company
  - a. The last name of the Company must be followed by the word "Tbk" which means open.
  - b. Place of residence of a Company means the subdistrict or city in Indonesia where the Company has its central office with the requirement that when such place of residence is located in a subdistrict the district of such subdistrict must be designated.
3. The Period of Time the Company has Existed  
The Company may have existed as a closed Company for a period of time.
4. The Company's Purpose and goals as well as its Operational Activities  
The Company's purpose and goals must be described clearly so that the sector and primary business activities performed are evident, also there shall be an analysis regarding whether business activities are carried out in accordance with the Company's purpose and goals.
5. Capitalization
  - a. The paid in capital must be the same as the issued capital.
  - b. The form of payment must be described in an article regarding capitalization.
  - c. The payment for shares may be in a form other than money but such payments in a tangible as well as intangible form must fulfill requirements such as:
    - 1) payments for shares with fixed assets must be approved by the General Shareholders' Meeting as provided in Article 73 and Article 74 of the Companies Act and published in 2 (two) Indonesian language newspapers, one of which is issued or circulated in the region where the Company is located and the other of which has a nationwide circulation, at least 14 (fourteen) days before the date of the General Shareholders' Meeting regarding such payments;

- 2) fixed assets that are used as payments for shares as provided in number 1) above must be valued by an independent appraiser that is registered with Bapepam;
  - 3) payments for shares with shares of another company must be fully paid shares that are not pledged as collateral in any way and their price must be determined by an independent person on the basis of an appraisal with an opinion regarding the share price and on the condition that if such shares are listed on a Securities Exchange the price must be determined based on the fair market value; and
  - 4) if the payment came from retained earnings, capital paid in excess of par value, net profit and or another source or equity capital, then the retained earnings, capital paid in excess of par value, net profit and or other types of capital must be contained in the latest annual financial reports that are audited by an Accountant that is registered with Bapepam with an unqualified opinion.
- d. In the General Shareholders' Meeting to obtain an agreement to make a Public Offering a decision must also be made regarding the maximum number of shares that will be issued to the public and the commissioners must be given authority to state the number of shares that have already been issued in the Public Offering.
6. Issuing Equity Securities
- a. All additional capital obtained through the issuance of equity securities that is done by orders must be done through giving preemptive rights to shareholders whose names are recorded on the Company's shareholder record book on the date stipulated by the General Shareholders' Meeting that approved the issuance of the Securities in an amount that is proportional to the total shares recorded in such book in the name of each shareholder on that date.
  - b. Preemptive Rights must be transferable and tradable for the period specified in Bapepam Rule Number IX.D.1 regarding Preemptive Rights.
  - c. Equity Securities that are issued by a Company and are not subscribed to by holders of Preemptive Rights must be allocated to all of the shareholders that order additional equity Securities with the provision that if the total securities that are ordered is more than the total that are issued, the available shares must be allocated in accordance with the total Preemptive Rights exercised by each shareholder that orders additional securities.
  - d. If there are any remaining securities that are not taken by shareholders referred to in letter c, above, then such securities must be allocated to a specified Person that has agreed to act as a stand-by purchaser of such securities at the same price and on the same terms.
  - e. Shares that are retained for Securities holders that may be exchanged for shares or securities that include the right to receive shares may be released by the directors based on the approval of the Company's General Shareholders' Meeting that initially approved the issuance of such Securities.
7. Additional Authorized Capital of the Company

Additional authorized capital may be issued only based on the decision of the General Shareholders' Meeting to change the Company's articles of association that must be approved by the Minister of Justice.

8. Shares

The shares of a Company are shares in its name.

9. Share Certificates and Collective Share Certificates

- a. A company must give proof of share ownership in the form of share certificates or collective share certificates to shareholders.
- b. In the event that share certificates are damaged, replacement share certificates may be issued if the Company receives sufficient evidence that:
  - 1) the share certificates that are damaged must have been returned;
  - 2) the Person that requests the replacement shares is the owner of such share certificates; and
  - 3) the original certificates must have been destroyed before the replacement certificate is given.
- c. when ever a share certificate is lost, a replacement share certificate may be issued if the Company receives sufficient evidence that:
  - 1) the share certificates have been lost;
  - 2) the Person that requests the replacement shares is the owner of such share certificates; and
  - 3) the Person that requests the replacement shares gives a guarantee that the directors deem to be sufficient.
- d. The issuance of replacements for share certificates that are lost must be announced by the Securities Exchange where the Company's shares are listed within no more than 14 (fourteen) days after the issuance of the replacement share certificates.
- e. The provisions regarding share certificates in item 9 of this rule are also applicable for collective share certificates.

10. Collective Custody

The provisions regarding Collective Custody must include at least the following:

- a. shares in Collective Custody with a Central Securities Depository must be recorded in the Shareholders Record of the Company in the name  
  
of the Central Securities Depository for the interest of the account holder of the Central Securities Depository;
- b. shares in collective custody with a Bank Custodian or a Securities Company that are recorded in a Securities account at the Central Securities Depository are recorded in the name of the Bank Custodian or Securities Company for the interest of the Bank Custodian or the Securities Company.
- c. when shares in Collective Custody with a Bank Custodian constitute part of a portfolio of an investment fund in the form of a collective investment contract and are not deposited in collective custody with a Central Depository, then the Company shall record such shares in the Company's shareholder record book in the name of the Bank Custodian for the interest of the owners of the Participation Units;

- d. The Company must provide a certificate or confirmation to the Central Securities Depository in the manner referred to in letter a above or to the Bank Custodian in the manner referred to in letter c above as evidence of an entry in the Company's shareholder record book;
- e. The Company must transfer shares in Collective Custody, that are registered in the Company' shareholder record book in the name of a Central Securities Depository or a Bank Custodian for the Investment Fund in the form of a collective investment contract, into the name of the Person that is indicated by the Central Securities Depository or Bank Custodian. Requests for transfers submitted by the Central Securities Depository or Bank Custodian to the Company or the Securities Administration Agency shall be indicated by the Company;
- f. The Central Securities Depository, Bank Custodian or Securities Company must provide a confirmation to account holders as evidence of an entry in their Securities account;
- g. in collective custody, each share of the same type and classification produced by the Company is comparable and may be exchanged with any other such security.
- h. a Company must refuse to enter shares into collective custody when such share certificate is lost or destroyed unless the person that requests the transfer gives proof and or a sufficient guarantee that such  
  
Person is the real owner of the shares and that such share certificates have been lost or destroyed;
- i. a company must refuse to enter shares into collective custody when such shares have been confiscated based on a court decision or in connection with a criminal investigation;
- j. the owner of a securities account that has Securities recorded in collective custody has the right to vote the number of shares that are owned in such account in the General Shareholders' Meeting;
- k. a Bank Custodian and a Securities Company must submit a list of the Securities accounts and the number of the Company's shares owned by each account holder of such Bank Custodian and Securities Company to the Central Securities Depository for submission to the Company at least I (one) work day before the invitation to the General Shareholders' Meeting;
- l. an Investment Manager has the right to be present at the General Shareholders' Meeting and vote shares that are deposited in collective custody at a Bank Custodian for the interest of the Securities portfolio of an Investment Company in the form of a collective investment contract and which are not deposited in collective custody with a Central Securities Depository with the requirement that such Bank Custodian must submit the name of such Investment Manager to the Company at least 1 (one) work day before the General Shareholders' Meeting;
- m. a Company must deliver dividends, bonus shares or other rights related to the ownership of shares the Central Securities Depository for shares in collective custody with the Central Securities Depository and then the Central Securities Depository will deliver the dividends, bonus shares or other rights to the Bank Custodian and the Securities Company for the interest of each account holder of such Bank Custodian and Securities Company;

- n. a Company must submit dividends, bonus shares and other rights related to share ownership to a Bank Custodian with shares in Collective Custody to the Bank Custodian that holds the portfolio for the Investment Fund in the form of a collective investment contract and is not deposited in collective custody with the Central Securities Depository; and
- o. the time at which a Securities account holder has the right to receive dividends, bonus shares or other rights related to the ownership of shares in collective custody is established by the General Shareholders' Meeting with the condition that the Bank Custodian and Securities Company must submit

a list of Securities account holders and the amount of Company shares owned by each such account holder to the Central Securities Depository to be submitted to the Company at least 1 (one) work day before the date that is the basis for determining shareholders that have the right to receive dividends, bonus shares or other such rights.

#### 11. Transfer of Rights to Shares

- a. Transfer of rights to shares must be proved with specified documents that are signed by or with the name of the Person that transfers the rights and by or with the name of the Person that receives the transfer of rights to the shares concerned. The transfer documents for rights to shares must be in the form determined by, or agreed to by, the directors.
- b. The form and method of transfer of rights to shares that are traded in the capital market must comply with Capital Market law and regulations.
- c. The transfer of rights to shares deposited in collective custody may be done with book entry settlement from one Securities account to another Securities account of a Central Securities Depository, Bank Custodian, and Securities Company.

#### 12. Members of the Directors and Commissioners

- a. The articles of association determine the time period for which directors and commissioners may function in such positions with the stipulation that each such period may not be more than 5 (five) years.
- b. Individuals that have served as a member of the directors or commissioners may serve another term as provided in General Shareholder Meeting decisions.

#### 13. Annual Reports and Financial Reports

- a. The General Shareholders' Meeting approves the Annual Report and authorizes the Financial Reports.
- b. The company must publish its Balance Sheet and Profit and Loss Report in 2 (two) Indonesian language newspapers one of which has nationwide circulation not later than 120 (one hundred and twenty) days after the end of the fiscal year.

#### 14. The General Shareholders' Meeting

- a. The Location and Administration of the General Shareholders' Meeting
  - 1) The General Shareholders' Meeting may be held in the location of the Company Headquarters or the location of its business operations or at an Indonesian Securities Exchange where its shares are listed;

- 2) A commissioner that has been appointed by the Commissioners will preside over the General Shareholders' Meeting. In the event that no Commissioner is to be in attendance then the President Director will preside over the Meeting. If the President Director is not in attendance, then another director will preside over the Meeting. If all of the directors are absent, a shareholder that is appointed by the General Shareholders Meeting from those in attendance will preside over the Meeting; and
- 3) If the commission member that is appointed by the commissioners has a conflict of interest on matters to be decided by the General Shareholders' Meeting, another commissioner that does not have a conflict of interest, will preside over the Meeting. If all Commissioners have a conflict of interest, then the President Director will preside over the Meeting. If the

President Director has a conflict of interest, then another director who does not have a conflict of interest will preside over the Meeting. If all members of the board of directors have a conflict of interest then an independent shareholder that is appointed by the other shareholders that attend the Meeting will preside over the Meeting.

- b. The Announcement, Invitation and Time Arrangements of the General Shareholders' Meeting:
  - 1) The announcement of the General Shareholders' Meeting shall be made at least 14 (fourteen) days before the invitation and the invitation shall be at least 14 (fourteen) days before the General Shareholders' Meeting;
  - 2) The invitation to the second General Shareholders' Meeting is to be made at least 7 (seven) days before the Second Meeting with a notification that a first General Shareholders' Meeting has already been held but it did not have a quorum; and
  - 3) The second General Shareholders' Meeting may be held no sooner than 10 (ten) days and no later than 21 (twenty-one) days after the first Meeting.
- c. The Quorum and Decisions of the General Shareholders' Meeting
  - 1) The quorum and decisions of a General Shareholders' Meeting regarding matters that must be decided by such a Meeting including the issuance of equity securities and the appointment and dismissal of directors and commissioners is to be done in accordance with Article 73 and 74 of the Company Law;
  - 2) In order to make changes in a Company's articles of association, a General Shareholders' Meeting shall meet the following requirements:
    - a) the Meeting must be attended by shareholders that represent at least  $\frac{2}{3}$  (two thirds) of the total shares with legal voting rights and the changes must be approved by at least  $\frac{2}{3}$  (two thirds) of such votes;
    - b) If a quorum as provided in letter a, above, is not present, then legal decisions may be made in a second General Shareholders' Meeting that is attended by shareholders that represent at  
  
least  $\frac{2}{3}$  (two thirds) of the shares with legal voting rights and the changes must be approved by a majority of such total votes; and

- c) If the quorum referred to in letter b, above, is not present, then on the request of the Company, the decision on the quorum, total votes necessary to make a decision, the invitation and time for holding another General Shareholders' Meeting may be decided by the Chairman of Bapepam.
- 3) In order to acquire or guarantee a loan for all or part of the assets of a Company or to engage in a consolidation, merger, takeover, dissolution or bankruptcy of a Company a General Shareholders' Meeting must comply with the following:
  - a) attendance by shareholders that represent at least  $\frac{3}{4}$  (three fourths) of the total shares with legal voting rights and the agreement of at least  $\frac{3}{4}$  (three fourths) of such votes;
  - b) in the event that the quorum referred to in letter a) above, is not present, then a second General Shareholders' Meeting may make legal decisions if it is attended by shareholders or legal proxies that represent at least  $\frac{2}{3}$  (two thirds) of the total shares with legal voting rights and approval is received by more than  $\frac{1}{2}$  (one half) of the votes of the General Shareholders' Meeting; and
  - c) in the event the quorum referred to in letter b) above, is not present, then at the request of the Company, the quorum, the total votes to make a decision, the invitation and the location of the General Shareholders' Meeting may be determined by the Chairmen of Bapepam.
- 4) A General Shareholders' Meeting to decide matters that involve a conflict of interest shall be in accord with the following provisions:
  - a) shareholders that have a conflict of interest are deemed to have already agreed to the same decision that is approved by the independent shareholders that do not have a conflict of interest;
  - b) the quorum for the General Shareholders' Meeting that will decide matters that involve a conflict of interest must fulfill the requirement that such Meeting is attended by independent shareholders that represent more than  $\frac{1}{2}$  (one half) of the total shares with legal voting rights that are owned by independent shareholders and be based on votes of agreement from independent shareholders that represent more than  $\frac{1}{2}$  (one half) of the total shares with legal voting rights owned by such independent shareholders;
  - c) in the event that the quorum referred to in letter b) above, is not present, then a second General Shareholders' Meeting may make decisions on the condition that it is attended by independent shareholders that represent more than  $\frac{1}{2}$  (one half) of the total shares with legal voting rights owned by independent shareholders and the decisions made are based on affirmative votes from independent shareholders that represent at least  $\frac{1}{2}$  (one half) of the total shares owned by independent shareholders that are in attendance; and
  - d) If the quorum referred to in letter c) above, is not present, then at the request of the Company, the quorum, the total votes to make a decision, the invitation and the time arrangements for another General Shareholders' Meeting may be determined by the Chairman of Bapepam.