

RULE NUMBER IX.G.1 : MERGERS AND CONSOLIDATIONS OF PUBLIC COMPANIES AND ISSUERS

Attachment :

Decision of the Chairman of Bapepam

Number : Kep-52/PM/1997

Date : December 26, 1997

1. Definitions

- a. A Merger is a legal act in which I (one) company or more combines with another company and only one of the companies retains its identity.
- b. A Consolidation is a legal act in which 2 (two) or more companies combine into 1 (one) new company and all of the previous companies are dissolved.

2. A Merger or Consolidation may be executed only when it is in compliance with existing rules and regulations.

3. Requirements of Mergers and Consolidations

Mergers and Consolidations must comply with the following requirements:

- a. directors and commissioners of a Public Company or Issuer that is a participant in a Merger or Consolidation must submit a Statement to Bapepam and to the Company's General Meeting of Shareholders which confirms that the Merger or Consolidation takes into account the interests of the companies, the public, and fair competition, and will guarantee the rights of shareholders and employees;
- b. the statement referred to in item 3 letter a must be supported by an opinion given by an independent Person;
- c. obtain approval from the General Meeting of Shareholders of the Company or Issuer.
- d. the Public Company or Issuer that is a participant in a Merger or Consolidation must provide a Merger or Consolidation Statement to Bapepam that contains the Merger or Consolidation Plan;

4. Procedures for Mergers or Consolidations

Mergers or Consolidations must be in compliance with the following procedures:

- a. Directors of each company after receiving agreement from the commissioners must do a feasibility study of the Merger or Consolidation, covering, such things as:
 - 1) the condition and performance of each Company taking into account the Companies' financial statements for the last 3 (three) years, that have been audited by an Accountant that is registered with Bapepam;
 - 2) an analysis by an independent Person regarding the validity of the share price and Companies' fixed assets as well as legal aspects of the Merger or Consolidation;
 - 3) the method and procedures for converting shares to be used in the Merger or Consolidation with an opinion from an independent Person concerning such matters;

- 4) the method of fulfilling Company obligations to third parties;
 - 5) the method of fulfilling the rights of shareholders that do not agree with the Merger or Consolidation;
 - 6) the organizational structure and human resources after the Merger or Consolidation;
 - 7) a management analysis of the condition of the Company after the Merger or Consolidation;
- b. The of directors of each Company must provide a Merger or Consolidation Plan that is approved by the commissioners and that must at least contain the following things:
- 1) the name and domicile of the Company that will be a participant in the Merger or Consolidation;
 - 2) the reason(s) and explanations of each Company that will be a participant in the Merger or Consolidation;
 - 3) share conversion procedures of each Company that is a participant in the Merger or Consolidation regarding the shares of the Company resulting from the Merger or Consolidation;
 - 4) expected changes in the Company articles of association resulting from the Merger (if any) or the expected legal status of the new Company resulting from the Consolidation;
 - 5) financial reports for the last 3 (three) years, audited by an Accountant that is registered with Bapepam for each Company that is a participant in the Merger or Consolidation;
 - 6) If the effectiveness of the Merger or Consolidation Statement is more than 180 (one hundred eighty) days after the latest annual financial statements, such financial statements must be supplemented with interim financial reports that have been audited, so that the time between the effective date of the Merger or Consolidation Statement and the date of the interim financial report does not exceed 180 (one hundred eighty) days;
 - 7) proforma financial reports for the Company resulting from the Merger or Consolidation that conform with generally accepted accounting principles;
 - 8) the name and domicile of the Company resulting from the Merger or Consolidation;
 - 9) the results of an evaluation by an independent Person regarding the share value and resources of the Companies;
 - 10) the results of the evaluation of an expert regarding aspects related to the Merger or Consolidation (if necessary);
 - 11) the opinion of an Accountant registered with Bapepam regarding the method and procedures of converting shares provided in the Merger or Consolidation Statement;
 - 12) an opinion from an independent Legal Consultant that is registered with Bapepam regarding legal aspects of the Merger or Consolidation;
 - 13) the method of determining the status of the officials of the Companies that are participants in the Merger or Consolidation;
 - 14) the method of determining the rights and obligations of the Companies that are participants in the Merger or Consolidation with respect to third parties;

- 15) the method of determining the rights of minority shareholders that do not agree with the Merger or Consolidation;
 - 16) the composition of the directors and commissioners of the Company that results from the Merger or Consolidation;
 - 17) expected advantages and disadvantages and future prospects of the company that results from the Merger or Consolidation;
 - 18) the expected date for the Merger or Consolidation to be implemented.
- c. If the Merger or Consolidation referred to above will result in a material change in the nature of the company, its financial condition or other relevant matters, the impact of the changes must be described in the document referred to in number 4 letter b of this rule.
 - d. The Merger or Consolidation Statement along with supporting documents must be submitted to Bapepam not later than two work days after approval by the commissioners.
 - e. A summary of the Merger or Consolidation Plan must be announced to the public in 2 (two) Indonesian newspapers, one of which must have national circulation, not later than two work days after approval of the commissioners. The announcement must state that the planned Merger or Consolidation has not been declared effective by Bapepam or received approval by the General Meeting of Shareholders.
 - f. If Bapepam does not require additional information from the Public Company or Issuer within 20 (twenty) days after receiving the Merger or Consolidation Statement, it may be assumed that the statement was complete and that it fulfilled all of the established requirements when submitted.
 - g. If information regarding the planned Merger or Consolidation becomes known by an outside party, the companies that are participants in the Merger or Consolidation must immediately inform Bapepam and announce the planned Merger or Consolidation to the public not later than the next work day after the plan becomes known by the outside party.
 - h. If the shares of companies that are participants in the Merger or Consolidation are listed on a Securities Exchange, such companies must comply with the rules of the Exchange.
5. The General Meeting of Shareholders in connection with a Merger or Consolidation

The General Meeting of Shareholders in connection with a Merger or Consolidation must fulfill the following requirements:

- a. Not less than 28 (twenty eight) days before the General Meeting of Shareholders is held, the company must publish in 2 (two) Indonesian newspapers, one of which has a national circulation, a summary of the information referred to in number 4 letter b of this rule.
- b. Not less than 28 days before the General Meeting of Shareholders is held, a circular letter containing a summary of the information referred to in number 4 letter b of this rule must be available to shareholders.
- c. The plan and implementation of the Public Company's or Issuer's General Meeting of Shareholders in connection with a Merger or Consolidation must fulfill the requirements contained in Rule IX,I,1, regarding Planning and Conducting the General Meeting of Shareholders;

- d. If there is a conflict of interest in connection with a Merger or Consolidation, the plan and implementation of the General Meeting of Shareholders must follow the provisions of Rule IX.E.1, regarding Conflicts of Interest on Certain Transactions;
 - e. If the General Meeting of Shareholders does not approve the Merger or Consolidation Plan, a Plan may be resubmitted to Bapepam 12 (twelve) months after the date on which the General Meeting of Shareholders was held.
6. The Provisions of Rule IX.D.1 regarding Preemptive Rights do not apply to Mergers and Consolidations.