

**RULE NUMBER IX.D.4 : CAPITAL INCREASES WITHOUT
PREEMPTIVE RIGHTS**

Attachment :
Decision Of The Chairman Of Bapepam
Number : Kep-44/PM/1998
Date : August, 14 1998

1. Issuers or Public Companies may increase their capital without giving Preemptive Rights to shareholders as stipulated in item 2 of Rule Number IX.D.1 regarding Preemptive Rights provided such issuance is authorized in the articles of association, in accordance with the following:
 - a. if during the past 3 (three) years, such increases in capital are no more than 5% (five percent) of the paid in capital; or
 - b. if the primary purpose of the capital increase is to improve the financial position of a company that is experiencing one of the following conditions:
 - 1) a bank that has received a loan from Bank Indonesia or another government institution in the amount of over 200% (two hundred percent) of the paid in capital or another condition that may result in the restructuring of the bank by the government institution;
 - 2) a non-bank company that has negative net working capital and has obligations greater than 80% (eighty percent) of the company's assets at the time of the General Meeting of Shareholders that approves the capital increase; or
 - 3) the company is in default or is unable to avoid default on its obligations to a non-affiliated lender and if such lender agrees to accept shares or convertible bonds of the company in settlement of the loan.
2. If the capital increase involves a conflict of interest, its implementation must comply with the provisions of Rule Number IX.E.1 regarding Conflicts of Interest on Certain Transactions.
3. If the capital increase is through a Public Offering its implementation must comply with the provisions of Rule Number IX.A.1 regarding General Requirements Regarding the Submission of a Registration Statement.
4. If the capital increase is not through a Public Offering, the Issuer or Public Company must provide shareholders with information not later than 14 (fourteen) days before the General Meeting of Shareholders that, among other things, includes an analysis and discussion by the company's management regarding the proforma financial condition of the company as well as the impact of the capital increase on shareholders and the reason that the capital increase without Preemptive Rights is in the best interest of all of the shareholders, in accordance with the Disclosure Principle.
5. If the increase in capital is subject to the provisions of item 1 letter b of this rule, in addition to the information referred to in item 4 above, the Issuer or Public Company must also disclose material facts regarding the latest financial condition of the company, including, among other things, an explanation regarding illiquid inventories, questionable loans or accounts receivable, Bank Indonesia Liquidity Credits and or bad loans or debts, including loans and debts to affiliated Persons.