

## GENERAL PROCEDURES FOR DIRECT ACQUISITION OF INDONESIAN FOREIGN INVESTMENT COMPANIES (“PT PMA”)<sup>1</sup>

Event	Document(s) required	Time Explanation	Notes
<b>A. PRE-CLOSING</b>			
1. A consultation with the Indonesian Business Competition Supervisory Board (“KPPU”) may be necessary to determine whether the acquisition should be reported to the KPPU or would trigger monopoly or unfair business competition.		Before signing the Conditional Share Purchase Agreement – “CSPA”	Please note that this is a case by case basis.
2. Each of the seller and buyer need to arrange for obtaining their respective corporate authorizations and, if applicable, for the individual shareholder, a spousal consent.		Before signing the CSPA	
3. The parties sign the CSPA.		Before the announcement in A.4	CSPA will mainly provide commercial arrangements among the parties such as use of trademarks, conditions precedent to be satisfied on or before closing etc.

<sup>1</sup> Subject to the Articles of Association and line of businesses of the relevant PT PMA additional procedures/administrative works may need to be undertaken.

Event	Document(s) required	Time Explanation	Notes
<p>4. An announcement in a daily newspaper and written notification to the employees of PTPMA of the proposed acquisition by the Board of Directors (“<b>BOD</b>”)<sup>2</sup> of PTPMA, the seller and the buyers.</p>	<p>a. An announcement in an Indonesian language newspaper with national circulation in the Indonesian language.</p> <p>b. Written Notification to the employees of PTPMA. The announcement is delivered to them in the Indonesian language.</p>	<p>No later than 30 (thirty) days before the summons to the General Meeting of Shareholders (“<b>GMS</b>”) or the execution of the relevant Circular Resolutions in lieu of an extraordinary GMS in A.5 (if the shareholders adopt unanimous and binding resolutions outside the GMS).</p>	<p>The announcement starts a 30-days cooling off period before the next step can be taken (shareholder approval).</p> <p>Creditors have 14 days in which to lodge objections.<sup>3</sup> If the creditors submit objections to PTPMA, within 14 days of the announcement, the relevant BOD must settle the objections, and if the objections cannot be settled by the relevant BOD up to the date the GMS is convened, the objection must be submitted to the GMS for settlement.</p> <p>If a settlement cannot be achieved, the acquisition cannot proceed.</p> <p>If no objection is filed within the 14-day period, the creditors will be deemed to have approved</p>

<sup>2</sup> Article 127 (2) of the Company Law.

<sup>3</sup> Article 127 (4) of the Company Law.

Event	Document(s) required	Time Explanation	Notes
			the acquisition.  Employees may choose to continue its employment with PTPMA or to resign and get severance payment.
5. Signing of shareholders resolutions approving <sup>4</sup> : a. the transfer of the shares and the details of the new shareholding composition; b. the changes to the members of the BOD and the Board of Commissioners (“ <b>BOC</b> ”) (if required); c. the necessary changes to and restatement of the Articles of Association of PT PMA (if there is any changes to the Articles of Association of the PT PMA); and d. any other matters.	a. Execution of Letters of Acceptance of Appointment of the new members of the BOD and BOC	30 (thirty) days after the announcement and notification (A.4) <u>or</u> 14 (fourteen) days of the newspaper announcement (see A.4) provided that no objections from the creditors of the PT PMA.	If a shareholders meeting is held, additional notice and other procedures will need to be followed.
6. Submission of the application to Indonesian Capital Investment Supervisory Agency (“ <b>BKPM</b> ”) for the change of shareholders	a. A Power of Attorney to submit the BKPM Application Form (Form II) and a copy of the identity card/passport of the	After the shareholders resolutions have been resolved.	Should be within 5 working days, but in practice, BKPM approval takes 5-10 working days from the filing of the complete documents.

<sup>4</sup> Article 89 of the Company Law.

Event	Document(s) required	Time Explanation	Notes
	<p>representative of PTPMA who signs the Power of Attorney;</p> <p>b. The completed Application Form (as prescribed by the relevant BKPM regulation);</p> <p>c. A copy of the Circular Resolutions that have been registered (<i>waarmerking</i>) with a public notary (refer to A.5 above) and copies of the identity cards/passports of the representatives of the existing shareholder(s) who sign the Circular Resolutions;</p> <p>d. All prior approvals and/or licenses of PTPMA from the relevant authority including from BKPM (if any) and PT PMA Business License (IU);</p> <p>f. Taxpayer's Registration Numbers (NPWP) of PT</p>		<p>Before submitting the application through BKPM's online system, the target company must obtain a right of access (<i>Hak Akses</i>) (user name and pass code) from BKPM first and upload its documents to the company folder with BKPM.</p> <p>In practice, the BKPM may request for additional supporting documents.</p>

Event	Document(s) required	Time Explanation	Notes
	<p>PMA;</p> <p>g. A document evidencing the latest composition of the shareholders of PT PMA;</p> <p>h. The Deed of Establishment containing the Articles of Association of the Company and any amendments to them, along with the approval and/or receipt for notification from the Ministry of Law and Human Rights;</p> <p>i. The chronology of capital participation and shareholding composition in PT PMA;</p> <p>j. Copies of the identity documents of the existing shareholders and the new shareholders of PT PMA, i.e.:</p> <ul style="list-style-type: none"> <li>– If a <b>Local Entity</b>, its Deed of Establishment and</li> </ul>		

Event	Document(s) required	Time Explanation	Notes
	<p>amendments to the articles of association, along with it's the Ministry of Law and Human Rights ("<b>MOLHR</b>") Decree and Tax Payer Identification Number ("<b>NPWP</b>");</p> <ul style="list-style-type: none"> <li>- If an <b>Indonesian Citizen</b>, his/her KTP and NPWP;</li> <li>- If a <b>Foreign Legal Entity</b>, its Articles of Association in the English Language or Indonesian Language (translated by a sworn translator); and</li> <li>- If a <b>Foreign Citizen</b>, his/her passport;</li> </ul> <p>k. The activities plan of PT PMA.</p>		
7. Restatement of the Circular Resolutions in A.5 above in a notarial deed form.	a. Minutes of EGMS or Circular Resolutions in Lieu of an Extraordinary General Meeting of Shareholders.	After BKPM In-principle License is issued.	

Event	Document(s) required	Time Explanation	Notes
	b. BKPM In-principle License		
<b>B. Closing</b>			
1. Signing of the Deed of Shares Transfer and cancellation of the old share certificates or collective share certificates (if any).	a. Share Sale and Purchase Agreement b. Share certificates or collective share certificates	After obtaining BKPM Approval	To be drawn-up in a notarial deed and in the Indonesian language.
2. Recording of the transfer of shares in the Company's share register and/or special share register and issuance of new share certificates or collective share certificates (as applicable)	a. Share Register b. New Share certificates or collective share certificates	Upon the signing of the SPA	
<b>C. Post-Closing</b>			
1. The application for MOLHR Approval and/or Receipt for the Notification.	a. Restatement of the Circular Resolutions in a notarial deed form as in A.7 above. b. The notarial deed of shares transfer (refer to Closing Item B.1)	The notification to the MOLHR should be delivered within 30 (thirty) days of the signing of the notarial deed of shares transfer.	

Event	Document(s) required	Time Explanation	Notes
2. Publication of an announcement of the result of the acquisition in a daily newspaper. <sup>5</sup>	Announcement in an Indonesian newspaper in the Indonesian language.	The announcement must be made within 30 days of the effective date of the acquisition, which is: a. the date of the MOLHR approval if there are amendments to the Company's articles of association requiring the MOLHR approval; or b. the date of the evidence of receipt by the MOLHR of the notification if there are amendments to the Company's articles of association not requiring the MOLHR approval or there are no amendments to the Company's articles of association.	
3. Report the acquisition result to KPPU (if applicable).	By submitting the Form Application prescribed by	Within 30 (thirty) days as of the effective date of the	Please note that this is a case by case basis.

<sup>5</sup> Article 127(2) of the Company Law.



Event	Document(s) required	Time Explanation	Notes
	KPPU <sup>6</sup>	Acquisition	
4. Registration at the Company Registry of the Ministry of Trade (“ <b>MOT</b> ”) given the changes to the company’s data.	a. The completed application form; b. The original and copy of the approval or notification receipt for the changes made to the company’s data from the MOLHR; c. The original Company Registration Certificate – ( <i>Tanda Daftar Perusahaan</i> – TDP); d. Other documents which may be required by the relevant authorities.	The registration should be made within 3 months as of the date of approval or notification receipt for the changes of the company’s data from the MOLHR.	

\*\*\*

<sup>6</sup> Article 8 of Government Regulation No. 57 of 2010.



This is not substitute to legal advice. You are advised to seek for professional advice for the implementation of the above.

**Our Contact:**

**Dwipo Lubis Baskoro & Partners**

Anakida Building 6<sup>th</sup> Floor

Jalan Prof. Soepomo No. 27

Jakarta – Indonesia

+62-21-83705820

hbaskoro@dplawoffices.com