

NOT JUST A  
LAW FIRM

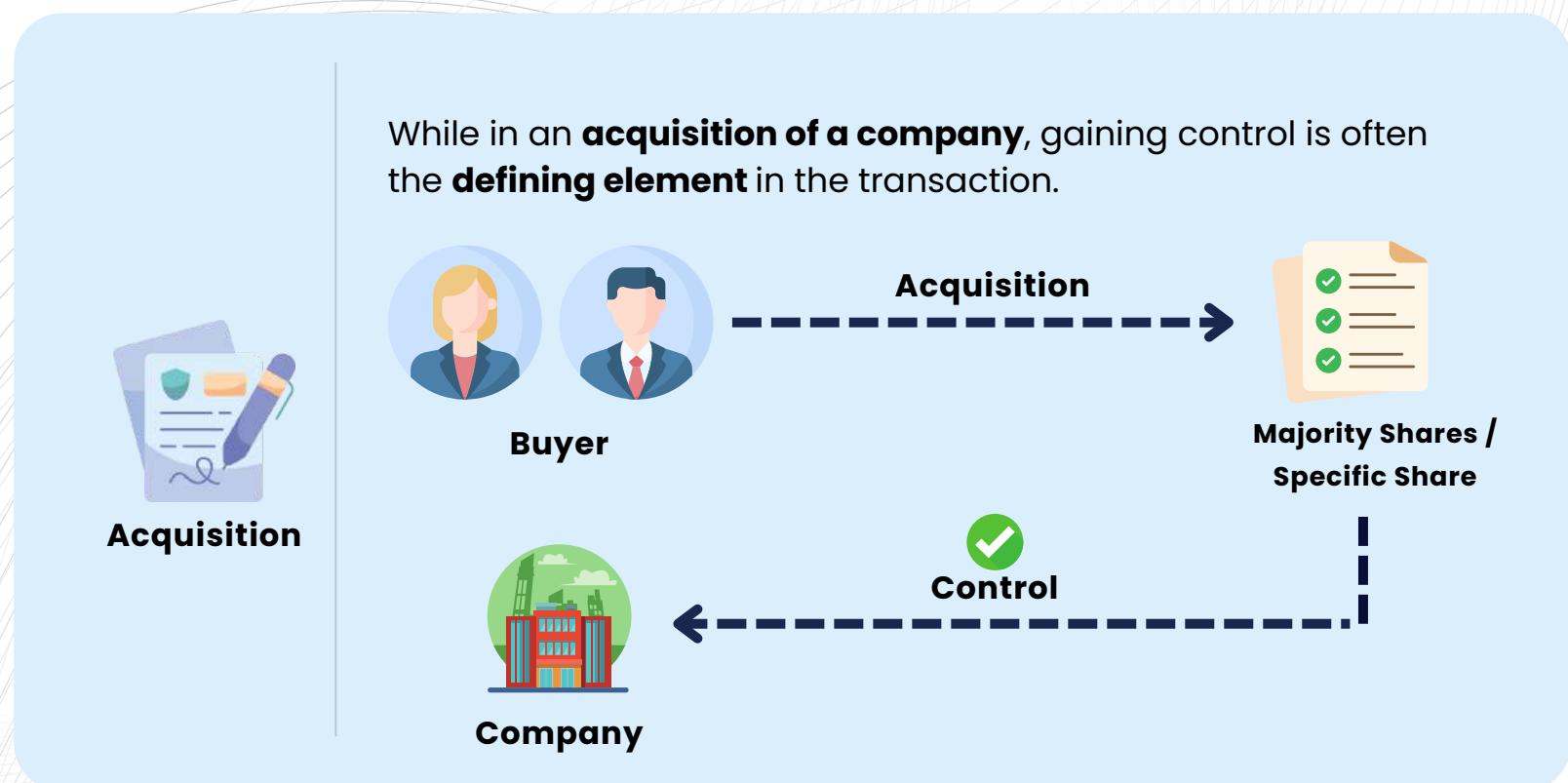
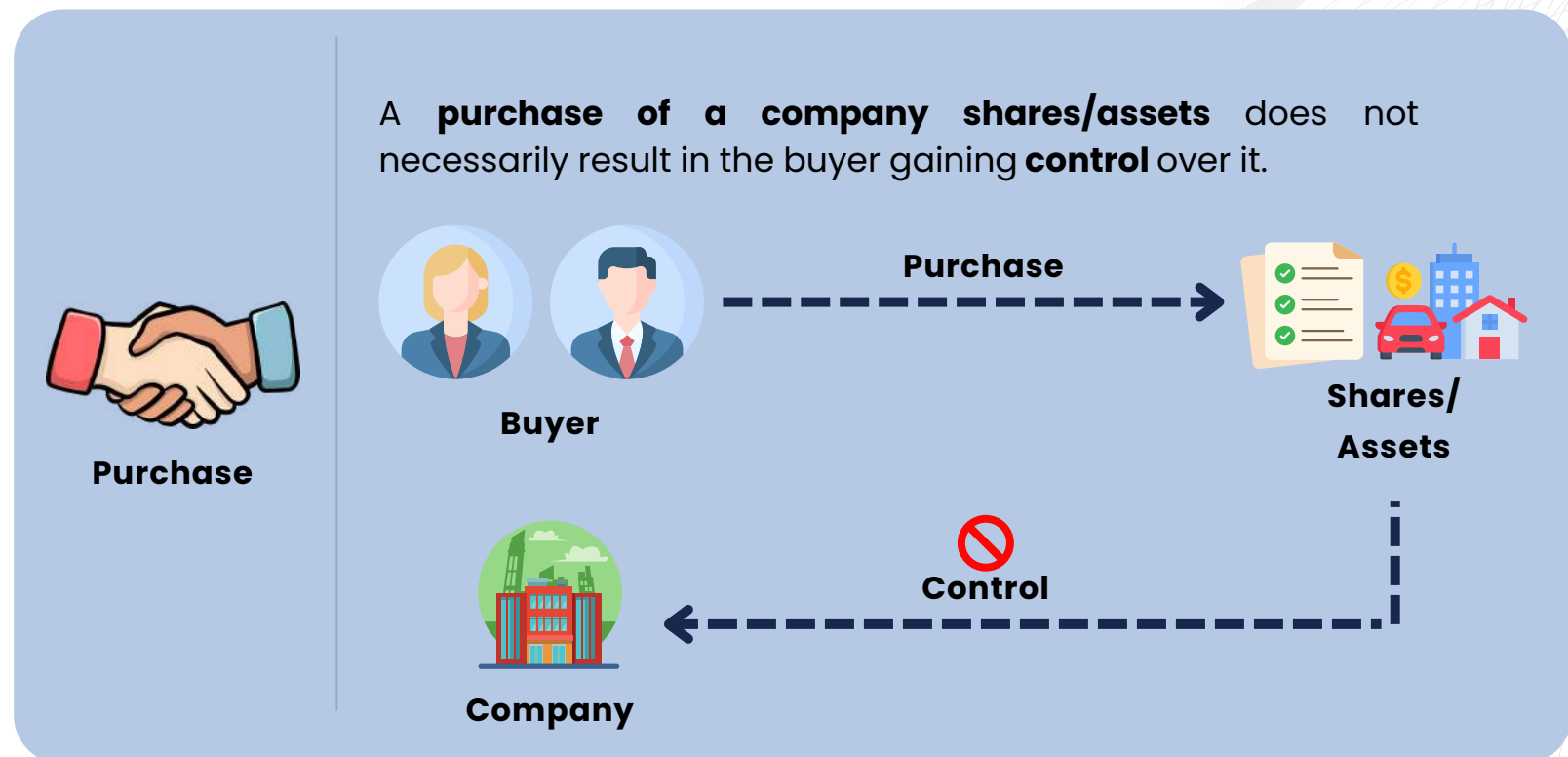


## **KNOW THE LAW BEFORE THE DEAL** **ACQUISITION ISN'T JUST A PURCHASE**

When acquisition and purchase feel uncertain, our clients count on us for clarity, confidence, and legal precision that drives deals forward.

# WHAT IS THE DIFFERENCE?

It is **important** to know the substantial difference between these 2 (two) transactions:

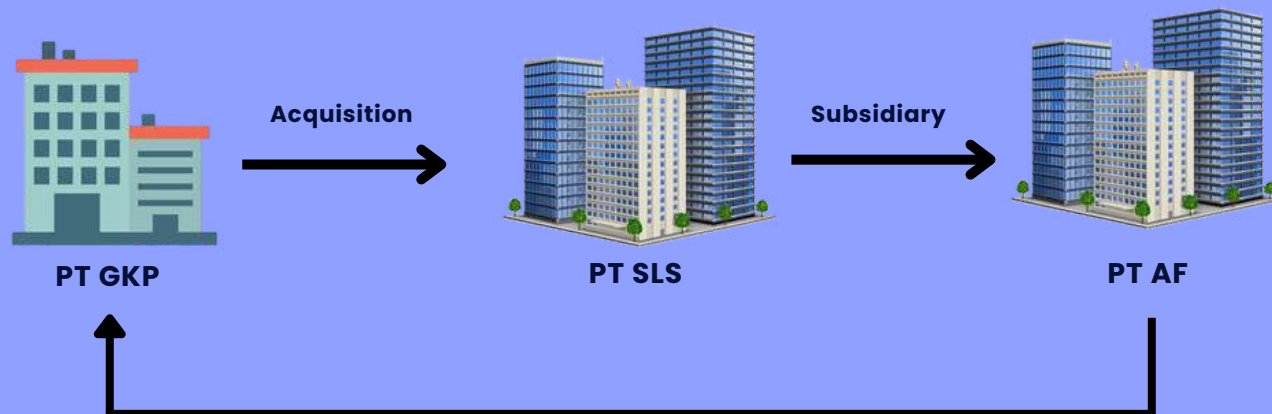


An acquisition does not always require **majority shares**, it can also involve the acquisition of a few specific shares, depending on the **share classification** on the target company.

## DEALS THAT GOES WRONG – LESSONS FROM NOTABLE ACQUISITIONS

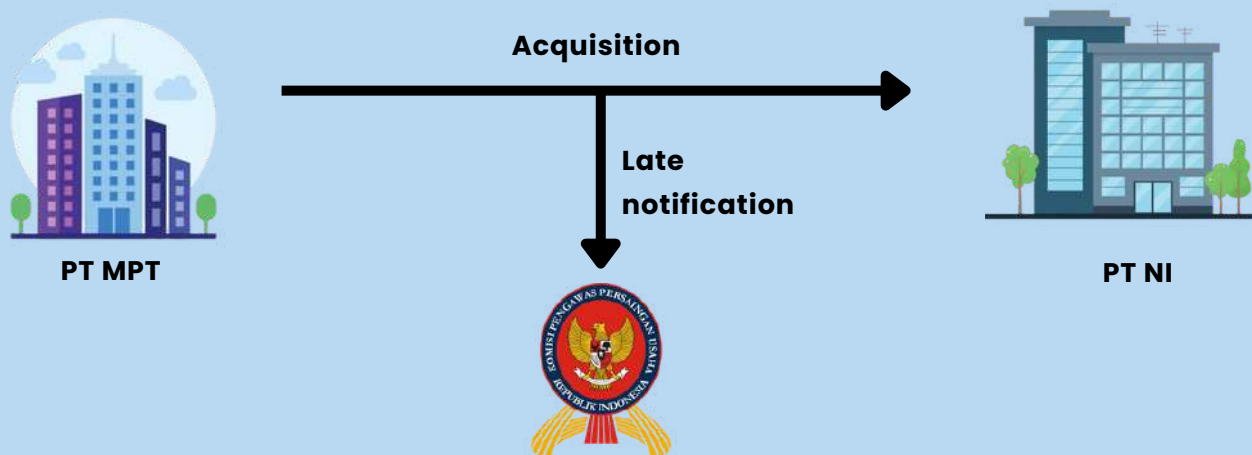
It is important to note that **failure to comply** during the transaction may result to events similar to the following cases:

### Cancellation of Share Sale and Purchase Deed Due to Illegitimate Transaction (Supreme Court Decision Number 3201 K/PDT/2019)



The failure of this acquisition was mainly due to the use of **unauthorized funds**. The court considered that the acquisition carried out using funds from a loan provided by PT. AF itself was **illegitimate** and declared the transaction is **null and void by law**. Further analysis highlights that the transaction failed to meet **key legal requirements** commonly associated with acquisitions, including **shareholder approval through a general meeting** and **the issuance of a public announcement** on a newspaper regarding the acquisition plan.

### PT MPT is guilty of Late Notification of Acquisition to PT NI (KPPU Decision Number 06/KPPU-M/2019)



Komisi Pengawas Persaingan Usaha

The failure to comply in this acquisition was mainly due to the **late notification of a change of control**. The court considered that PT. MPT delay of 278 days in notifying the acquisition of a majority stake in PT. NI violated the mandatory filing requirement, and **imposed a fine of Rp1.063 billion**.

Therefore, it is important to **avoid** similar situations or causes to prevent unnecessary cost, hindrances, or delays to your **transactions**.



# PURCHASE TRANSACTION

A purchase transaction refers to the act of **buying ownership interests in the company**, either in the form of shares or assets, of an existing company. While such transactions can vary in structure and purpose, a purchase does not automatically grant the buyer **control of the company** unless a majority or controlling stake is acquired.

## Prior Approval



Make sure that all necessary **approvals** have been **obtained** in accordance to the buyer and targeted company's articles of association, such as:



Board of Commissioners



Board of Directors



Shareholders



Creditors

## Proper Documentation



**Proper documentation** for the purchase of a company (either through shares or assets) is **essential** for such transactions, such as:



Deed of Sale



Sales Agreement



Shareholders' Resolution

## License and Permit



Carrying out due diligence of **license documents** are important to avoid facing operational disruptions post-transaction, such as:



Business Identification Number



Standard Certificates



Sectoral Licenses

Herein, a mere **purchase** have a different prerequisite to an acquisition of a company.

# ACQUISITION TRANSACTION

An acquisition refers to the process by which one company **obtains control** over another company shares or assets, either by purchasing **a majority of shares, specific shares**, acquiring **substantial assets**, and management rights. Unlike a general purchase, an acquisition typically results in the acquiring company **gaining decision-making authority** and **operational control** over the target company. Other than the aforementioned requirements stated on a purchase transaction, **an acquisition transaction** requires:



## Acquisition of a Public Company

The execution of an acquisition involving a public company is often subject to specific regulatory frameworks—compliance with these rules is not just important, it's essential to ensure legality and avoid costly pitfalls.

## Public and Employment Announcement

The acquisition plan must be announced by the Board of Directors no later than 30 days before the acquisition is carried out, namely through a **daily newspaper** and **in writing to employees**. The aim is to provide an opportunity for stakeholders to submit objections.



## Notification to the Komisi Pengawas Persaingan Usaha ("KPPU")

It is mandatory to **report to KPPU** if the acquisition falls on specific nominal as specified on KPPU Regulation. The notification must be submitted no later than 30 days from the effective date of acquisition.



**Acquisition of assets (without shares)** is obligated to conduct similar notification



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We're here to support you with reliable legal **advice and services**.  
Don't hesitate to reach out, **we're ready to help!**

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