AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the People's Republic of China and the Government of the Republic of Indonesia (hereinafter referred to as "the Contracting Parties");

Desiring to encourage, protect and create favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party based on the principles of mutual respect for sovereignty, equality and mutual benefit and for the purpose of the development of economic cooperation between both States;

Recognizing that the promotion and protection of such investments will be conductive to the stimulation of business initiative and will increase prosperity in both States;

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement,

1. The term "investments" means every kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter, including but not exclusively:

a. Movable and immovable property as well as other rights such as mortgages, liens or pledges;

b. Shares, stocks and debentures of companies or interests in the property of such companies;

c. Claims to money or to any performance relate to investment having a financial value;

d. Intellectual property rights including copyrights, trade marks, patents, industrial designs, know-how, trade names, trade secretes and good will;

e. Business concessions conferred by law or under contract related to investment including concessions to search for, cultivate, extract or exploit natural resources.

2. "Investors" means:

In respect of the People's Republic of China, any national or company of the People's Republic of China who effected or is effecting investments in the territory of the Republic of Indonesia;

In respect of the Republic of Indonesia, any national or company being a national of the Republic of Indonesia who effected or is effecting investments in the territory of the People's Republic of China.

3. "Company" means:

In respect of the People's Republic of China, economic entities established in accordance with its laws and domiciled in the territory of the People's Republic of China;

In respect of the Republic of Indonesia, any company with a limited liability incorporated in the territory of the Republic of Indonesia or any juridical person constituted in accordance with its laws.

4. "National" means:

In respect of the People's Republic of China, natural persons who have nationality of the People's Republic of China;

In respect of the Republic of Indonesia, persons who according to the laws of the Republic of Indonesia are Indonesian nationals.

5. The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes, includes profits, dividends, interest, capital gains, royalties or other legitimate income.

6. The term "China" comprises the territory of the People's Republic of china and the adjacent areas over which the People's Republic of China has sovereignty, sovereign rights or jurisdiction in accordance with international law.

The term "Indonesia" comprises the territory of the Republic of Indonesia and the adjacent areas over which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall encourage and create favorable conditions for investors of the other Contracting Party to invest in its territory, and shall admit such investments in accordance with its laws and regulations.

2. Investments of investors of either Contracting Party shall at all time be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

Article 3. Scope of Agreement

This Agreement shall apply to investments by investors of the People's Republic of China in the territory of the Republic of Indonesia which have been previously granted admission in accordance with the law No. 1 of 1967 on Foreign Capital Investment and any law amending or replacing it, and to investments by investors of the Republic of Indonesia in the territory of the People's Republic of China which have been granted admission in accordance with the related laws and regulations of the People's Republic of China.

Any issues relating to the investments made by investors of the People's Republic of China in the territory of the Republic of Indonesia before the adoption of the Law No. 1of 1967 on Foreign Capital Investment may be consulted by both Contracting Parties.

Article 4. Most Favoured Nation Provisions

1. Neither Contracting Party shall in its territory subject investments effected by, and returns accruing to investors of the other Contracting Party to treatment less favourable than that which it accords to investments effected by, and returns accruing to investors of any third state.

2. Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards their management, use, enjoyment or disposal of their investment, as well as any activity connected with these investments, to treatment less favourable than that which it accords to investors of any third state.

3. The treatment mentioned above shall not apply to any advantage or privilege accorded to investors or a third state by either Contracting Party based on the membership of the Contracting Party in custom union, common market, free trade zone, economic multilateral or international agreement, or based on an agreement concluded between that Contracting Party and a third state on avoidance of double taxation or based on cross-border trade arrangement.

Article 5. Compensation for Damages or Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot in the territory of the letter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitutions, indemnification, compensation or other settlement, if any, no less favorable than that which the latter Contracting Party accords to investors of any third state.

Article 6. Expropriation

1. Investment of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose related to the internal needs of the expropriating Contracting Party and against compensations. Such compensation shall amount to the value of the investment expropriated prior to the moment

in which the decision to expropriate is announced or made public. Such compensation shall be made without undue delay, effectively reliable and freely transferable.

2. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in may part of its territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of paragraph 1 of this Article are applied to the extent necessary to guarantee the compensation provided for in that paragraph to such investors of the other Contracting Party who are owners of these shares.paragraph 1 of this Article are applied to the extent necessary to guarantee the compensation provided for in that paragraph to such investors of the other Contracting Party who are owners of these shares.

Article 7. Repatriation of Investment

1. Either Contracting Party shall subject to its laws and regulations in respect to investments by investors of the other Contracting Party grant to those investors without unreasonable delay and after they have complied with all their tax obligations, the transfer of:

a. Capital and additional capital amounts used to maintain and increase investments;

b. Net operating profits including dividends and interests in proportion to the share-holding of the foreign participant;

c. Repayment of any loan and the relevant interest thereof, as far as it is related to the investment;

d. Payment of royalties and services fees;

e. Proceeds from sales of shares owned by the foreign share-holders;

f. Compensation for damages or losses;

g. Proceeds received by investors in case of liquidation;

h. Earnings of nationals of the other Contracting Party who are allowed to work in connection with investment in the territory of the one Contracting Party.

2. To the extent, an investor of either Contracting Party has not made another arrangement with the appropriate authorities of the other Contracting Party in whose territory the investment is situated, currency transfer made pursuant to paragraph 1 of this Article shall be permitted in the currency of the original investment or in any other freely convertible currency. Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.paragraph 1 of this Article shall be permitted in the currency of the original investment or in any other freely convertible currency. Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.

3. Notwithstanding the proceeding paragraphs, either Contracting Party may maintain laws and regulations requiring reports of currency transfers.

Article 8. Subrogation

In case one Contracting Party or any of its designated agency has granted any guarantee against non-commercial risks in respect of an investment by its investor in the territory of the other Contracting Party and has made payment to such investor under that guarantee, the other Contracting Party shall recognize the transfer of the rights of such investor to the former Contracting Party or any of its designated agency. The subrogation of the latter Contracting Party shall not exceed the original rights of such investor.

Article 9. Investment Disputes between Investors and the Contracting Party

1. Any dispute between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of the other Contracting Party shall be settled amicably.

2. In the event that such a dispute cannot be settled within six months, either party to the dispute may, in accordance with the laws and regulations of the Contracting Party in whose territory the investment was made, submit the dispute to the competent court of that Contracting Party.

3. If a dispute involving the amount of compensation resulting from expropriation cannot be settled as specified in paragraph 1 of this Article within six months, it may be submitted to an ad hoc arbitral tribunal. The provisions of this

paragraph shall not apply if the investor concerned has resorted to the procedures specified in paragraph 2 of this Article.

a. The ad hoc arbitral tribunal shall be constituted for each individual case in the following way: each party to the dispute shall appoint an arbitrator, and these two shall select a national of a third state which has diplomatic relations with the two Contracting Parties as Chairman. The first two arbitrators shall be appointed within two months of the written notice for arbitration by either party to the other and the Chairman be selected within four months. If within the period specified above, the tribunal has not been constituted, either party to the dispute may invite the Secretary General of the International Center for Settlement of Investment Disputes to make the necessary appointments.

b. The tribunal shall determine its own procedure. However, the tribunal may, in the course of determination of procedure, take as guidance the Arbitration Rules of the International Center for Settlement of Investment Disputes.Arbitration Rules of the International Center for Settlement of Investment Disputes.

c. The tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on both parties to the dispute.

d. The tribunal shall adjudicate in accordance with the laws of the Contracting Party to the dispute, the provisions of this Agreement as well as generally recognized principle of international law accepted by both Contracting Parties.

e. Each party to the dispute shall bear the cost of its appointed member of the tribunal and of its representation in the proceedings. The cost of the appointed Chairman and the remaining costs in the arbitral proceedings shall be borne in equal parts by the parties to the dispute.

Article 10. Disputes between the Contracting Parties

Disputes concerning the interpretation or implementation of this Agreement shall be settled amicably through diplomatic negotiation between the Contracting Parties.

Article 11. Other Obligations

If the present or future legislation of one Contracting Party or international arrangements signed by both Contracting Parties provide more favorable treatment to investments of investors of the other Contracting Party than that provided by this Agreement, such treatment shall prevail.

Article 12. Consulation and Amendment

1. Either Contracting Party may request that a consultation be held on any matter that both Contracting Parties agree to discuss.

2. This Agreement may be amended at any time, if it deemed necessary, by mutual consent.

Article 13. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the first day of the following month after the date on which both Contracting Parties have notified each other in writing of the fulfillment of their respective internal legal procedures. It shall remain in force for a period of ten years and shall continue in force thereafter for another period of ten years and so forth unless terminated in writing by either Contracting Party one year before its expiration.

2. In respect of investments made prior to the date of termination of the present Agreement, the provisions of Article I to VI shall continue to be effective for a further period of ten years from the date of termination of the present Agreement.Article I to VI shall continue to be effective for a further period of ten years from the date of termination of the present Agreement.

DONE in duplicate at Jakarta on November 10, 1994 in Chinese, Indonesian and English languages.

All texts are equally authentic. If there is any divergence concerning the interpretation, the English text shall prevail.

For the Government of the Republic of Indonesia

Ali Alatas Minister of Foreign Affairs

For the Government of the People's Republic of China Qian Qichen Vice Premier and Minister for Foreign Affairs