

Franchising & Licensing ASIA

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Highlights of the Indonesian Franchise Law

A. Introduction

This article provides some key highlights of the current Indonesian franchise law to Singaporean companies which are interested to offer a master franchise, an area franchise or unit franchise in Indonesia.

B. Important highlights of the Indonesian Franchise Regulations

In Indonesia, franchise operations are regulated under Government Regulation No. 42 of Year 2007 and the Regulation of Minister of Trade Decree No. 31/M-DAG/PER/8/2008 (collectively the "Indonesian Franchise Regulations").

1. Basic Criteria

Before a Singaporean company can franchise its business into Indonesia, the business must fulfill certain criteria including a proven track record of profitability for the last 2 years, or an average profitability for the last 5 years, as shown by the financial statements of the Franchisor. Hence, it would not be possible to incorporate a new company as a Special Purpose Vehicle to franchise into Indonesia. The Franchisor must therefore have owned and operated at least one outlet which meets the above profitability test. In addition, the trademark of the Franchisor to be used in the franchised business must have been registered in Indonesia, or at least, the application for registration has been submitted to the Trademark Office in Indonesia.

2. Registration of Prospectus and obtaining the Franchisor's and Franchisee's Registration Certificates

Prior to entering into the franchise agreement with a prospective Franchisee, the Franchisor must provide its Prospectus as well as the draft Franchise Agreement to the prospective Franchisee at least 2 weeks before signing. In addition, the Franchisor is obliged to register its Prospectus (translated into Bahasa Indonesia and legalized by the Indonesian Embassy) with the Department of Trade in Indonesia, in order to obtain the Franchisor's Registration Certificate.

The Franchise Agreement must contain certain mandatory provisions as required by the Indonesian franchise regulations. Hence, it is not possible to use a standard Singapore (or any other foreign) format for an Indonesian Franchise Agreement.

The Franchise Agreement may allow the Franchisee to sub-franchise to third parties, subject to certain conditions, including the requirement that the Master Franchisee must itself operate at least 1 franchised outlet.

After the execution of the Franchise Agreement, the Franchisee must register the signed Franchise Agreement with the Department of Trade in order to obtain the Franchisee's Registration Certificate prior to the commencement of the franchised business. The Registration Certificate is valid for 5 years (extendable for another 5 years), but shall terminate if the Franchise Agreement has expired or if the franchised business is discontinued.

3. Fostering and Supervision

The Franchisor is obliged to foster and supervise the Franchisee by providing education and training regarding the management system of the franchised business; routine operational management guidance; market development through promotion; research and development of market and product. It is advisable to provide clearly in the Franchise Agreement the extent of such fostering obligations of the Franchisor. Failure by the Franchisor to provide such fostering to the Franchisee may render the Franchisor liable to certain sanctions.

4. Reporting

The Franchisee is obliged to provide an annual report of the franchised business in a prescribed format to the Department of Trade no later than 31st March of each year.

5. Termination

Special care should be taken in drafting the termination provisions of the Franchise Agreement to avoid unnecessary disruption to the franchised business where the Franchise Agreement is unilaterally terminated by the Franchisor.

Source: Ms Angeline Suparto of Angeline Suparto Law Corporation (in conjunction with its associated office in Jakarta). as@asuparto.com.sg; office: 65-62233638.



If you know of someone who might benefit from the CFE program why not introduce them to us?

Certified Franchise Executive (CFE) Program

There is no risk to them but if they do decide to enrol*, your Ad will appear in this space in the next issue for FREE!

*Terms & conditions apply.



INSTITUTE OF CERTIFIED FRANCHISE EXECUTIVES

FLA sees member franchisors actively going regional

You may be wondering if local franchisors are beginning to scale back on their overseas franchise expansion plans in view of the global economic uncertainty. Many franchisors have responded that opportunities are always available. It would be unimaginable that their franchise businesses will come to a complete standstill since franchising is the core of their businesses. Though many of them are not oblivious to the challenging global business environment, they are not taking a back seat yet at this juncture. Take a read at how Chewy Junior and Kinderland Educare Services are passionately driving their franchises and still expanding into the region.



Chewy Junior, our Singapore homegrown brand has successfully secured its Master Franchisee in Seoul, South Korea. This year Chewy Junior has opened 2 stores in quick succession in Korea: their first outlet was started in July and another in September 2011. When asked about Chewy Junior's brand development in Korea, Kevin Ong, Managing Director, simply responded that he would like to see another 10 more outlets in Korea within the next two years.

◀ Long queue at Chewy Junior's first outlet

In March 2011 Kinderland opened its 10th centre in Surabaya, Indonesia. With over three decades of solid experience in early childhood education, Kinderland has expanded beyond Singapore. It has a network of franchised centres in Malaysia, Indonesia and Bangladesh. Its unique proprietary integrated curriculum emphasizes total development, balancing academic studies with meaningful experiences to equip children for formal schooling. Learning is integrated through play, discovery and creative activities, with music literacy and language arts as key parts of Kinderland's curriculum. On how Kinderland would like to expand into Indonesia, Mr Seet Lee Kiang, General Manager, responded that there is still much potential for Kinderland to grow in Indonesia and is actively looking out for new franchisees.



Kinderland's 10th new franchise centre at Surabaya, Indonesia

Calendar of Overseas Exhibitions 2012

Franchising and Licensing Association (FLA) Singapore, encourages all the members to submit their interest over the franchise exhibitions that you want to partake, please email to Jessica@flasingapore.org by 9 December 2011.

Your input is important, as this will help us serve you better for the coming year.

1st QUARTER OF 2012

- Jan 7 - 8 Business Franchise & Investment Expo (Vancouver, Canada)
- Jan 9 - 11 Hong Kong International Licensing Show (Hong Kong)
- Jan 20 - 22 Franchise Expo South (Miami, USA)
- Jan 26 - 29 Thailand Franchise & Business Opportunities Expo (Bangkok, Thailand)
- Feb 11 - 14 IFA Franchise Convention (Orlando, USA)
- Feb 24 - 25 The National Franchise Exhibition (Birmingham, UK)
- Feb 24 - 27 13th Taipei International Chain & Franchise Spring Exhibition (Taipei, Taiwan)
- Feb 25 - 28 14th Business Opportunity & Franchise Expo
- Mar 6 - 8 The 27th Franchise Show (Tokyo, Japan)
- Mar 15 - 17 Franchise Business Expo (Seoul, Korea)
- Mar 16 - 17 British and International Franchise Exhibition (London, UK)
- Mar 18 - 21 Franchise Expo Paris (Paris, France)
- Mar 23 - 25 Franchising Expo & Business Opportunities (Sydney, Australia)
- Mar 28 - 29 Franchising & Partnership 2012 (Brussels, Belgium)

2nd QUARTER OF 2012

- May 2 British Franchise Exhibition (Glasgow, UK)
- May 11 - 13 China Franchise Expo 2012 (Beijing, China)
- May 26 - 27 Franchising Expo & Business Opportunities (Perth, Australia)
- Jun 8 - 9 The British Franchise Exhibition (Manchester, UK)
- Jun 1 - 3 International Franchise, License & Business Concept Expo & Conference (Jakarta, Indonesia)
- Jun 15 - 17 The 2012 International Franchise Expo (New York, USA)

3rd QUARTER OF 2012

- Jul 6 - 8 Macao Franchise Expo 2012 (Macao)
- Jul 6 - 8 Franchise International Malaysia (Kuala Lumpur, Malaysia)
- Aug 17 - 19 Franchising Expo & Business Opportunities (Melbourne, Australia)
- Sept 7 - 8 Franchise Opportunities Live 2012 (London, UK)
- Sept 8 - 9 Franchising Expo & Business Opportunities (Brisbane, Australia)
- Sept 13 - 15 KFA, Korea Franchise Expo (Seoul, Korea)
- Sept 15 - 17 Shanghai International Franchise Exhibition, SIFE (Shanghai, China)
- Sept 21 - 23 BUYBRAND, 9th International Franchise Expo (Moscow, Russia)
- TBA. Franchise Asia 2012 (Manila Philippines)

4th QUARTER OF 2012

- Nov 1 - 3 Franchising & Licensing Asia (FLAsia) 2012, Singapore

POST-SHOW REPORT



FRANCHISING & LICENSING ASIA 2011

The International Event for Entrepreneurship, Business Opportunities & Intellectual Property Rights in Asia

8 - 10 September 2011 • Marina Bay Sands, Singapore

www.FranchiseLicenseAsia.com

FLAsia 2011 Surpasses Expectations

Franchising & Licensing Asia (FLAsia) 2011 surpassed expectations and boasted more than 8,000 attendees at the 3-day event held at The Sands Expo And Convention Center, Marina Bay Sands.

“Attendees enjoyed aisles of established franchised brands, new concepts and business opportunities galore.” said Mr Winston Lim, General Manager of BizLink Exhibition Services Pte Ltd. “The 3-day event was packed with business and networking opportunities. Businesses were discussed, deals signed; partnerships were sealed at this annual franchising and business opportunities event.”

Individuals, aspiring business owners and investors are on the look-out for possible franchise, license, business opportunities and strategic partnerships.

This year, prominent brands from Korea such as CaffeBene, Lotteria, Kkongdon BBQ, BBQ BOSS Chicken participated at the show with great success.



According to reports from Korea Franchise Info (www.koreafanchise.info), Kkongdon even concluded an MOU of a Master Franchisee for 3 countries after conducting over 40 consulting sessions during FLAsia 2011. BBQ BOSS Chicken also signed a MOU with a Master Franchisee from Singapore.

Such is the effectiveness of participating at FLAsia and doing business with quality investors from Singapore and around the region.



This year, the event hosted **more than 180** world class exhibitors / brands from **over 18 countries** and welcomed attendees from over **30 countries**. Exhibition space exceeded more than **4,000 square meters**, a **13% increase** from 2010.



The Franchise **Educational Talks** and **Hot Match** were interesting and provided good knowledge and insights for potential franchisees and also finding out more about the new franchise concepts that are available.



This year's event also witnessed an **increase in qualified investors** and the number of business deals being closed. The exhibition which also included **Franchise & Retail Technology** zone was deemed a success by the exhibitors.

1 - 3 November 2012

Marina Bay Sands, Singapore

Tel: (65) 6848 5933 • Email: FLAsia@bizlink.com.sg

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Seeking Franchisees / Licensees in Indonesia

Franchise / License : Berrylite Frozen Yogurt
 Company : Berrylite Pte. Ltd.
 Tel : +65 6686 0027
 Fax : +65 6896 9663
 Email : hello@berrylite.com
 Contact Person : Mr Marc Ng
 Description : Berrylite's simple operation, small footprint and low investment cost create a great opportunity to equip you with the expertise to run your own successful business and capture the targeted growing health market.

Franchise / License : Carpe Diem
 Company : Carpe Diem Holdings Pte Ltd
 Tel : +65 6468 0368
 Email : cdh@carpediem.com.sg
 Contact Person : Rhonda Ng
 Description : Mr Francis Ng, Founder and Director of Carpe Diem Group has always been interested in education and has a strong passion for children. He started his first child care centre, Carpe Diem Schoolhouse in 2002. Within a span of ten years, Carpe Diem has grown today to 22 centres islandwide.

Franchise / License : First Media Design School (FMDS)
 Company : First Media Design School (FMDS)
 Tel : Singapore Campus +65 6337 8663
 Jakarta Campus +62 21 5793 6321
 Fax : Singapore Campus +65 6337 1217
 Jakarta Campus +62 21 5793 6320
 Email : enquiries@firstmedia.edu.sg
 Contact Person : FMDS Singapore Campus - Ms Christine Huang
 FMDS Jakarta Campus - Mr Timothy Chan
 Description : FMDS is the first private design education institution to attain 4-year EduTrust. Our Vision is to train, develop and nurture 'First Class' creative professionals and mentor budding design entrepreneurs.

Franchise / License : Hong Kong Dessert
 Company : PurpleClay Consulting Pte Ltd
 Tel : +65 6561 3011
 Fax : +65 6561 3011
 Email : pamela.seak@purpleclay.com.sg
 Contact Person : Ms Pamela Seak
 Description : Hong Kong Dessert is a traditional Hong Kong-styled dessert shop and is the first dessert shop in Singapore to be granted Halal certification. Best-sellers include Mango Pomelo and Peanut Paste.

Franchise / License : KinderGolf
 Company : KinderGolf Pte Ltd
 Tel : +65 6441 3383
 Fax : +65 6242 1398
 Email : franchise@kindergolf.com
 Contact Person : Ms Donna Lee
 Description : KinderGolf is a preschooler golf specialist with proven proprietary children specific teaching methodology for children ages between 2 to 7.

Franchise / License : Manhattan Fish Market
 Company : Manhattan Fish Market Pte Ltd
 Tel : +65 8139 8811
 Fax : +65 6853 4644
 Email : francis_looi@manhattanfishmarket.com
 Contact Person : Mr Francis Looi (Franchising Business Director)
 Description : An exciting and fun American Style Fish Market Restaurant that caters to the young and fun loving seeking partners to grow one of the most fast growing brand in Quick Table Service sector.

Franchise / License : Math Monkey Asia and Contours Express
 Company : Asia Franchise Networks
 Tel : +65 6220 3291
 Fax : +65 6234 0966
 Email : tklee@asiafranchise.net
 Contact Person : Mr T.K. Lee
 Description : 1) Play games, develop brain abilities, learn mathematics for kids age 4 to 12 years old. Teach mathematics to kids age 4 to 12 years old www.mathmonkey.com.hk
 2) Fitness and Weight Loss center for women. Contours Express currently operating in over 25 countries www.contoursexpress.com.sg.

Franchise / License : Modern Montessori International
 Company : Modern Montessori International Pte Ltd
 Tel : +65 6220 8200
 Fax : +65 6220 2400
 Email : mmtci@singnet.com.sg
 Contact Person : Mr Steven Kho
 Description : Modern Montessori International is a leader in Montessori method of Education and is engaged in the providing of premium pre-school services, teacher-training and franchise opportunity.

Franchise / License : Polar Puffs and Cakes
 Company : Polar Puffs and Cakes Pte. Ltd
 Tel : +65-6269 5877
 Fax : +65 6269 0779
 Email : yohandi.zou@polarpuffs.com.sg
 Contact Person : Yohandi Zou
 Description : Founded in 1926, Polar Puffs & Cakes is Singapore well established heritage brand and a leading pastry & confectionary player with more than 33 outlets and 99 takeaway points islandwide.

Franchise / License : Q-dees
 Company : Q-dees Global Pte Ltd
 Tel : +65-6223 8211
 Email : marketing@q-dees.com
 Contact Person : Mr Freddie Chan
 Description : Q-dees has been accorded with BestBrands in pre-school education. We are proud to have served 100,000 children over 16 years of education. Our franchise package is attractive, affordable and low-risk.

Franchise / License : Ramen Ten / Shin Tokyo Sushi
 Company : Ramenten Restaurant Pte Ltd
 Tel : +65 9009 1287 / +65-9380 8248
 Fax : +65 6250 0683
 Email : yvone@ramenten.com
 Contact Person : Ms Yvone Lim
 Description : First halal Japanese restaurant in Singapore specialised in Ramen and Sushi. Master franchisee for Indonesia.

Franchise / License : Sakae Sushi / Crepes and Cream
 Company : Sakae Holdings Limited
 Tel : +65 8288 0651
 Fax : +65 6438 6639
 Email : yiwen@sakaeholdings.com
 Contact Person : Loo Yi Wen
 Description : Join Us As A Franchise Today! As one of Singapore's fastest growing innovative F&B player, Sakae Holdings Ltd actively looks for like-minded business partners. We have master franchisee programmes for Sakae Sushi and Crepes and Cream. Join us today as a franchisee and let us be Your Recipe for Growth!

Franchise / License : SoulKids
 Company : SoulCentre Pte Ltd
 Tel : +65 9875 2372
 Email : soulcentresingapore@yahoo.com.sg
 Contact Person : Ms Sally Forrest, Managing Director
 Description : SoulKids is an essential life skills training programme for children of all ages. It involves story telling, fun and games that transform children in a short period of time. The brand is supported with International Best Selling books.

Franchise / License : Various brands in F&B / skincare / retail
 Company : A.S. Louken Franchising Pte Ltd
 Tel : +65-6299 0338
 Fax : +65-6224 5951
 Email : franchise@aslouken.com
 Contact Person : Ms Esther Lee / Ms Cynthia Woo
 Description : Representative for various brands including : (F&B) Berrylite, Cornery Popcorn, Country Chicken, Gurney Drive, Manchester United, (Skincare retail) Skin Inc, (Maternity wear retail) Mothers En Vogue (Sleepwear retail) Les Affaires.

Franchise / License : Various Brands seeking Franchisees (F&B, Education, Retail)
 Company : Astream Consulting Pte Ltd
 Tel : +65 6749 9233
 Fax : +65 6749 0181
 Email : enquiries@astream.com
 Contact Person : Mr Ariel Jang
 Description : Astream Consulting represents numerous brands and concepts with extremely good potential in Indonesia. Contact us or visit our website for more information: www.astream.com



Certified Franchise Executive (CFE) Program

HOW TO GAIN CREDIT POINTS TOWARDS CFE DESIGNATION

Accumulate your 3500 credits within 3 years (or 2 years for those on 50% subsidy scheme) to qualify for the Certified Franchise Executive (CFE) designation in the following areas –

- 1) **Education – Min. 1900 credits**
(Attend FLA conferences / workshops / seminars, etc which are ICFE approved)
- 2) **Online – 600 credits capped**
(Online courses offered through ICFE's IFA University website)
- 3) **Experience – 500 credits capped**
(100 credits for each year of course completion / past work experience)
- 4) **Participation – 500 credits capped**
(50 credits per ICFE approved event attended)

Currently over 40 candidates have enrolled in the FLA-CFE program since October 2009. Many companies are now enrolling multiple candidates in the program, and several companies have made the CFE program mandatory for some of their senior-level executives and managers. Among CFE candidates the "overall satisfaction" with the CFE program was 85%.

Stay tuned for updates to the 2012 calendar of FLA-CFE activities.

**For enquiries on the CFE program, please contact Ms Clarisa Han at
 Tel: +65 6333 0281
 Email: cfe@flasingapore.org**

Welcome New Member

**Franchise Icon
 www.franchiseicon.com**

For more information, contact FLA :

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