

## NEWSBYTES 2016 SEPTEMBER



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#### News

##### **Leading Philippine Law Firm C&G Law Joins Rajah & Tann Asia**

Rajah & Tann Asia, Southeast Asia's largest legal network, has extended its reach to the Philippines by bringing on board C&G Law. C&G Law will become a member firm of Rajah & Tann Asia with effect from 1 January 2017.

C&G Law specialises in corporate and commercial transactions, litigation and arbitration, taxation, as well as labour and employment. The firm consists of over 30 fee earners servicing major Philippine conglomerates and multinational companies from a diverse range of sectors including banking and financial, infrastructure and project finance, energy, manufacturing, education, medical, and pharmaceutical.

Rajah & Tann Asia's Chairman [Lee Eng Beng](#) said: "C&G Law is one of the most dynamic, progressive, and well-regarded law firms in the Philippines. We are delighted that they are joining Rajah & Tann Asia at a time when the Philippines' economy is enjoying a resurgence and many international and regional companies are stepping up their investments in the country. C&G Law will certainly boost our capabilities in helping clients navigate the diverse legal landscape in Asia."

C&G Law's Managing Partner Mr Jaime Renato B Gatmaytan said: "We are excited to be part of the Rajah & Tann Asia network and look forward to serving our clients' needs outside the Philippines. They will now have access to a complete range of service capabilities from top notch lawyers in the region."

Click [here](#) to read our media release.

##### **Rajah & Tann Asia Leads Asialaw Asia-Pacific Dispute Resolution Awards 2016**

Two member firms of Rajah & Tann Asia have clinched firm awards at the annual Asialaw Asia-Pacific Dispute Resolution Awards held in Hong Kong on 27 September 2016.

[Rajah & Tann Singapore](#) has been named Best Domestic Arbitration Firm of the Year while its partner [Paul Tan](#) has won the Disputes Star of the Year.

[Assegaf Hamzah & Partners](#) has been awarded National Law Firm of the Year award for Indonesia. The category comprised a total of 6 finalists.

With a total of 3 awards, Rajah & Tann Asia has emerged the leader among home-grown Asian firms at this year's awards. This is a testament of the leadership position of Rajah & Tann Asia, one of the largest law firm networks with some 650 fee earners.

Asialaw is a research house based in Hong Kong and the awards celebrate the foremost leaders in 12 practice areas across 14 jurisdictions in the region. The awards build on Asialaw's expertise in uncovering leading lawyers and firms in the Asia-Pacific region

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with individual award winners named for each country. The Asialaw awards follow another by the Financial Times where Rajah & Tann Singapore was named the Most Innovative Law Firm in ASEAN for the year at the FT Innovative Lawyers Awards 2016.

Click [here](#) to read our media release.

#### **Firms within Rajah & Tann Asia Network Recognised in ALB's Annual Survey on Best Law Firms for Asia M&A**

Firms within the Rajah & Tann Asia network have been recognised in the Asian Legal Business' ("ALB") annual ranking of the best law firms for M&A in Asia. The firms ranked include:

- [Assegaf Hamzah & Partners](#) and [Rajah & Tann Singapore](#) - Tier 1
- [Christopher & Lee Ong](#) and [Rajah & Tann LCT Lawyers](#) - Tier 2
- [Rajah & Tann \(Thailand\) Limited](#) - Tier 3

#### **LegisBytes**

##### **EU Judgments Enforceable in Singapore With Effect From 1 October 2016**

On 14 April 2016, Singapore Parliament enacted the Choice of Court Agreements Act 2016, which provides for the implementation into Singapore law of the 2005 Hague Convention on Choice of Court Agreements ("Hague Convention"). Singapore ratified the Hague Convention on 2 June 2016, and it came into force on **1 October 2016**. The European Union, with the exception of Denmark, forms the main bulk of the countries that have ratified the Hague Convention.

The Hague Convention establishes an international legal regime for upholding choice of court agreements in international civil or commercial cases among Contracting States. One of the most significant effects of the Hague Convention is that court judgments emanating from a Contracting State must now be recognised and enforced in another Contracting State, subject to very limited exceptions.

Click [here](#) to read our update on the enforcement aspect of the Hague Convention.

##### **Consultation on Proposed Change to the Industry-Wide Borrowing Limit for Unsecured Credit**

Under current rules, financial institutions ("FIs") are not allowed to grant further unsecured credit to individuals whose balance-to-income ("BTI") ratio exceeds the industry wide borrowing limit for 3 consecutive months. BTI is calculated by dividing the borrower's outstanding unsecured debt by his monthly income. The borrowing limit is being phased in from a BTI of 24 times from 1 June 2015, to a BTI of 12 times from 1 June 2019.

##### **Contact**

**Leong Kah Wah**  
Head, Dispute Resolution

D(65) 6232 0504  
[kah.wah.leong@rajahtann.com](mailto:kah.wah.leong@rajahtann.com)

**Tan Chuan Thye, SC**  
Partner, Appeals & Issues

D(65) 6232 0977  
[chuan.thye.tan@rajahtann.com](mailto:chuan.thye.tan@rajahtann.com)

##### **Contact**

**Angela Lim**  
Head, Banking & Finance

D(65) 6232 0189  
[angela.lim@rajahtann.com](mailto:angela.lim@rajahtann.com)

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The Monetary Authority of Singapore (“MAS”) has observed that some borrowers with BTI above the eventual BTI of 12 times of a borrower’s monthly income are continuing to add to their debts. To help borrowers better manage their outstanding unsecured debts with the final borrowing limit in mind, MAS proposes to disallow FIs from granting (i) new unsecured credit facilities, or (ii) credit limit increases to an individual whose outstanding unsecured debt across all financial institutions has already exceeded 12 times his monthly income. The current exclusions for needs-based loans (education, medical) will continue to apply.

MAS proposes to make legislative amendments to effect the proposals from 1 June 2017. The consultation ends on **31 October 2016**.

Click [here](#) for more details on the key points set out in the consultation paper.

### **Consultation on Review of Mandatory Audit Firm Rotation for Local Banks**

The Monetary Authority of Singapore (“MAS”) is conducting a consultation exercise on policy proposals for the appointment and rotation of auditors for local banks.

Pursuant to MAS Notice 615 on the Appointment and Rotation of Auditors, banks incorporated in Singapore shall not appoint the same audit firm for more than five consecutive years, except with prior written approval of MAS. This requirement was temporarily suspended in October 2008 in view of the global financial crisis. Taking into consideration the experience and feedback from local banks as well as regulatory developments since 2008, MAS is now seeking feedback on the following proposals:

- (i) To discontinue mandatory audit firm rotation;
- (ii) In light of the above, to implement a requirement for local banks to conduct a mandatory audit re-tendering exercise every ten years; and
- (iii) the proposed implementation timeline - for banks with incumbent auditors in place for 10 years or more, to conduct the re-tendering exercise for an audit firm to carry out the duties specified in s58 of the Banking Act for the financial year ending 31 Dec 2018; for banks with incumbent auditors for 8-9 years, to carry out the re-tendering exercise for the financial year ending 31 Dec 2020.

The consultation ends on **31 October 2016**.

Click [here](#) for more details on the proposals set out in the consultation paper.

#### **Contact**

**Abdul Jabbar Karim**  
Head, Corporate & Transactional Practice

D(65) 6232 0465  
[abdul.jabbar@rajahtann.com](mailto:abdul.jabbar@rajahtann.com)

**Evelyn Wee**  
Deputy Head, Corporate & Transactional Practice

D(65) 6232 0724  
[evelyn.wee@rajahtann.com](mailto:evelyn.wee@rajahtann.com)

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#### Proposed Refinements to the Code of Governance for Charities and Institutions of a Public Character

The Ministry of Community, Culture and Youth (“MCCY”) is seeking feedback on proposed refinements to the Code of Governance for Charities and Institutions of a Public Character (“IPCs”).

Some key features of the proposed refinements to the Code of Governance are:

- (i) introduction of a maximum term limit of 10 years, for at least two-thirds of the charity’s governing board members;
- (ii) emphasis on the importance of risk management as part of internal controls, to ensure that there is a process to identify, monitor and review the charity’s key risks; and
- (iii) promotion of disclosure and transparency on information of Board members such as their attendance at meetings and remuneration; and information of staff total annual remuneration, among others.

The consultation ends on **18 October 2016**.

Click [here](#) for more information on the consultation exercise.

#### Total Debt Servicing Ratio (TDSR) Rules Fine-Tuned

The Monetary Authority of Singapore (“MAS”) has fine-tuned the refinancing rules under the Total Debt Servicing Ratio (“TDSR”) framework to allow borrowers more flexibility in managing their debt obligations. The TDSR framework and threshold will continue to apply to new property loans.

*Refinancing of owner-occupied housing loans* - Under the previous rules, for owner-occupied residential properties bought before the introduction of TDSR, a borrower may be exempted from the TDSR framework when he refinances his housing loan. MAS has now extended the same concession on refinancing to all owner-occupied residential properties, including those bought after the introduction of TDSR. This adjustment recognises that all new housing loans would have been subjected to the TDSR framework at inception.

*Refinancing of investment property loans* – Prior to the refinement of the TDSR rules, for properties that were purchased for investment before the introduction of TDSR, borrowers could refinance above the TDSR threshold of 60 per cent if they commit to debt reduction plans when refinancing their loans. MAS has since allowed a borrower to refinance his investment property loan above the TDSR threshold, regardless of when the property was purchased, provided he meets the following two conditions:

- (i) commits to a debt reduction plan with his financial institution to repay at least 3 per cent of the outstanding balance over a period of not more than 3 years; and
- (ii) fulfills his financial institution’s credit assessment.

The new rules took effect on **1 September 2016**.

#### Contact

**Gregory Vijajendran**  
Partner, Commercial Litigation

D(65) 6232 0438  
[gregory.vijajendran@rajahtann.com](mailto:gregory.vijajendran@rajahtann.com)

#### Contact

**Margaret Chin**  
Co-head, Real Estate

D(65) 6232 0503  
[margaret.chin@rajahtann.com](mailto:margaret.chin@rajahtann.com)

**Elsa Chai**  
Co-head, Real Estate

D(65) 6232 0512  
[elsa.chai@rajahtann.com](mailto:elsa.chai@rajahtann.com)

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Click [here](#) for more details.

#### CaseBytes

##### Do Arbitration Agreements Attach to Bills of Exchange?

Bills of exchange are a vital part of financing in international trade, and are commonly issued to guarantee payment under commercial contracts. They provide a form of security in that they bind a party to payment at a future date, and can also be monetised in the present by transfer to a third party. In *Rals International Pte Ltd v Cassa di Risparmio di Parma e Piacenza SpA* [2016] SGCA 53, the Singapore Court of Appeal examined the nature of bills of exchange with respect to arbitration agreements – in this case, whether the indorsee of a promissory note is bound by an arbitration agreement in the underlying contract. The Respondent in this matter was successfully represented by [Elaine Tay](#) and Wong Jun Ming from the [Insurance & Reinsurance Practice](#).

Click [here](#) to read our update on this case.

##### Delisting Exit Offer by AVS Investments Pte. Ltd. for Aztech Group Ltd.

[Danny Lim](#) and [Penelope Loh](#) from the [Capital Markets / Mergers & Acquisitions Practice](#) are advising Aztech Group Ltd. (“Group”), which is listed on the Main Board of the SGX-ST, in the exit offer by AVS Investments Pte. Ltd., in connection with its voluntary delisting from the SGX-ST. Based on the offer price of S\$0.42 per share, the Group is valued at approximately S\$21.42 million.

The Group is engaged in electronics design and manufacturing, LED lighting, material supply and marine, as well as F&B retail and supplies businesses. It is headquartered in Singapore with support offices in USA, Germany, Malaysia, Hong Kong, the Philippines and PRC.

##### Pre-Conditional Voluntary Offer for China Minzhong Food Corporation Limited

[Lawrence Tan](#) and Gwendolyn Tan from the [Capital Markets / Mergers & Acquisitions Practice](#) are acting for Marvellous Glory Holdings Limited (the “Offeror”) in the pre-conditional voluntary offer (the “Offer”) to acquire all the issued and paid-up ordinary shares in the capital of China Minzhong Food Corporation Limited (the “Target”) other than those already held by the Offeror as at the date of the Offer.

The Offer was announced on 6 September 2016 with an offer consideration of S\$1.20 per Target share. The Offeror is a special purpose vehicle incorporated in the British Virgin Islands for purposes of the Offer. It is owned by Prosperous Investment Holdings Limited, a company which is ultimately wholly-owned by Mr Anthoni Salim, and China Minzhong Holdings Limited, which will be beneficially owned by Mr Lin Guo Rong, Mr Siek Wei Ting, Mr Wang Da Zhang and Mr Huang Bing Hui.

#### Contact

**Elaine Tay**  
Partner, Insurance & Reinsurance

D (65) 6232 0673  
[elaine.tay@rajahtann.com](mailto:elaine.tay@rajahtann.com)

#### Contact

**Danny Lim**  
Partner, Capital Markets /  
Mergers & Acquisitions

D (65) 6232 0475  
[danny.lim@rajahtann.com](mailto:danny.lim@rajahtann.com)

#### Contact

**Lawrence Tan**  
Head, Mergers & Acquisitions

D(65) 6232 0726  
[lawrence.tan@rajahtann.com](mailto:lawrence.tan@rajahtann.com)

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The Target is a Singapore-incorporated company which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The Target group of companies is principally involved in the cultivation, production and sale of processed vegetables, fruit and vegetable beverages.

#### Authored Articles

##### The SME Magazine: “The Importance of Safeguarding your Intellectual Property”

[Lau Kok Keng](#), the Head of the [Intellectual Property, Sports and Gaming Practice](#) and Leow Jiamin from the same Practice, wrote an article for the September / October 2016 issue of *The SME Magazine*, the bi-monthly magazine for small- and medium-sized enterprises (“SMEs”) of *The Business Times*. Titled “The Importance of Safeguarding your Intellectual Property”, the article highlighted the benefits of securing intellectual property (“IP”) rights in relation to one’s goods and services. The writers suggested that, being a sector that typically takes the lead in creating new and innovative technology and processes, SMEs should take advantage of such benefits to thrive in their businesses and compete with bigger players.

Click [here](#) to read the full article.

#### What We've Been Up To

##### Risks and Returns: Investing in Indonesia

[Rajah & Tann Singapore](#) and [Assegaf Hamzah & Partners](#) (“AHP”) conducted a seminar titled “Risks and Returns: Investing in Indonesia” on 28 September 2016. At the seminar, the speakers provided relevant background to understand current market sentiments in Indonesia as well as updates in Indonesian law that affect the business sector. They also offered insights on how best to take advantage of any potential uncertainties in the Indonesian economy.

AHP Partners [Bono Daru Adji](#) and [Ahmad Maulana](#), as well as Rajah & Tann Singapore Partners [Paul Ng](#) and [Danny Ong](#) were the speakers, along with distinguished guests from the Singapore Representative Office of Bank of Indonesia, the Indonesian Investment Promotion Centre (“IIPC”), and International Enterprise (“IE”) Singapore.

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### Upcoming Events

#### **Data Privacy Asia 2016: “Building Digital Trust - Building an Ecosystem of Trust and Protection in the Digital Age” – 9-11 November 2016**

Steve Tan, the Deputy Head of the Technology, Media and Telecommunications Practice, will be one of the speakers in the conference, Data Privacy Asia 2016, which will be held from 9-11 November 2016. He will focus on preparing for data breaches in the rapidly changing digital age. The conference will feature 30 speakers from more than 15 countries who will discuss the imperative of building an ecosystem of trust and protection in the digital age.

Click [here](#) for more details.

Please feel free to contact Knowledge and Risk Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)

#### ***ASEAN Economic Community Portal***

With the launch of the ASEAN Economic Community (“AEC”) in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch “Business in ASEAN”, a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN’s business landscape. Of particular interest to businesses is the “Ask a Question” feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com/>.

## Our regional presence



## Our regional contacts

### RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**  
 9 Battery Road #25-01  
 Straits Trading Building  
 Singapore 049910  
 T +65 6535 3600 F +65 6225 9630  
 sg.rajahtannasia.com

### R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**  
 Vattanac Capital Office Tower, Level 17, No. 66  
 Preah Monivong Boulevard, Sangkat Wat Phnom  
 Khan Daun Penh, 12202 Phnom Penh, Cambodia  
 T +855 23 963 112 / 113 F +855 963 116  
 kh.rajahtannasia.com  
*\*in association with Rajah & Tann Singapore LLP*

### RAJAH & TANN REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
 Shanghai Representative Office**  
 Unit 1905-1906, Shui On Plaza, 333 Huai Hai Middle Road  
 Shanghai 200021, People's Republic of China  
 T +86 21 6120 8818 F +86 21 6120 8820  
 cn.rajahtannasia.com

### RAJAH & TANN NK LEGAL | *Myanmar*

**Rajah & Tann NK Legal Myanmar Company Limited**  
 Myanmar Centre Tower 1, Floor 07, Unit 08,  
 192 Kaba Aye Pagoda Road, Bahan Township,  
 Yangon, Myanmar  
 T +95 9 73040763 / +95 1 657902 / +95 1 657903  
 F +95 1 9665537  
 mm.rajahtannasia.com

**ASSEGAF HAMZAH & PARTNERS** | *Indonesia*

**Assegaf Hamzah & Partners**  
Menara Rajawali 16th Floor  
Jalan DR. Ide Anak Agung Gde Agung Lot #5.1  
Kawasan Mega Kuningan, Jakarta 12950, Indonesia  
T +62 21 2555 7800 F +62 21 2555 7899  
www.ahp.co.id

*Surabaya Office*  
Pakuwon Center, Superblok Tunjungan City  
Lantai 11, Unit 08  
Jalan Embong Malang No. 1, 3, 5, Surabaya 60261, Indonesia  
P +62 31 5116 4550 F +62 31 5116 4560

*\*Assegaf Hamzah & Partners is an independent law firm in Indonesia and a member of the Rajah & Tann Asia network.*

**CHRISTOPHER & LEE ONG** | *Malaysia*

**Christopher & Lee Ong**  
Level 22, Axiata Tower, No. 9 Jalan Stesen Sentral 5,  
Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia  
T +60 3 2273 1919 F +60 3 2273 8310  
www.christopherleeong.com  
*\*in association with Rajah & Tann Singapore LLP*

**RAJAH & TANN** | *Thailand*

**Rajah & Tann (Thailand) Limited**  
973 President Tower, 12th Floor, Units 12A-12F  
Ploenchit Road, Lumpini, Pathumwan  
Bangkok 10330, Thailand  
T +66 2 656 1991 F +66 2 656 0833  
th.rajahtannasia.com

**RAJAH & TANN** | *Lao PDR*

**Rajah & Tann (Laos) Sole Co., Ltd.**  
Phonexay Village, 23 Singha Road, House Number 046/2  
Unit 4, Saysettha District, Vientiane Capital, Lao PDR  
T +856 21 454 239 F +856 21 285 261  
la.rajahtannasia.com

**RAJAH & TANN LCT LAWYERS** | *Vietnam*

**Rajah & Tann LCT Lawyers**  
*Ho Chi Minh City Office*  
Saigon Centre, Level 13, Unit 2&3  
65 Le Loi Boulevard, District 1, HCMC, Vietnam  
T +84 8 3821 2382 / +84 8 3821 2673 F +84 8 3520 8206

*Hanoi Office*  
Lotte Center Hanoi - East Tower, Level 30, Unit 3003,  
54 Lieu Giai St., Ba Dinh Dist., Hanoi, Vietnam  
T +84 4 3267 6127 F +84 4 3267 6128  
www.rajahtannlct.com

Rajah & Tann Singapore LLP is one of the largest full service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand and Vietnam. Our Asian network also includes Singapore-based regional desks focused on Japan and South Asia.

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