



## CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") is committed to high standards of corporate governance as a fundamental part of discharging its responsibilities to protect and to enhance long-term shareholders' value whilst taking into account the interests of other stakeholders.

Set below are the policies and practices adopted and practised by the Group to comply with the principles and spirit of the Code of Corporate Governance 2005 ("the Code"). There are other sections of this annual report that have an impact on the compliance of disclosure requirements and these should be read together with this Corporate Governance Report.

### Principle 1: The board's conduct of affairs

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

The principal functions of the Board, apart from its statutory responsibilities are:

- setting overall strategies and supervision of the Group's business and affairs to achieve the vision and mission of the Group;
- approving the Group's corporate policies and internal guidelines for material transactions;
- approving key operational issues and major investment and funding;
- reviewing the financial performance of the Group;
- approving the appointment of Board directors and appointments to the various Board committees; and
- assuming responsibility for corporate governance.

The Board comprises a majority of non-executive directors, with relevant and diverse experiences necessary to contribute effectively and objectively to the Group. The Board meets at least four times a year and as warranted by circumstances, as deemed appropriate by the Board members. The Company's Articles of Association provide for telephone and other electronic means of meetings of the Board as encouraged by the Code. This facilitates the attendance and participation of directors at Board meetings, even though they may not be in Singapore. The Board is supported by the Audit, Nominating and Remuneration Committees. These committees are made up of wholly or predominantly non-executive directors and chaired by independent directors. The effectiveness of each committee is also constantly being reviewed by the Board. Other committees may be formed from time to time to look into specific areas as and when required. The number of Board and Committees meetings held and attendance of the directors at these meetings during the year are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Albert Teo Hock Chuan	4	4	4*	4*	1	1	1*	1*
Chang Meng Teng	4	4	4	4	1	1	1	1
Susan Teo Geok Tin	4	3	4*	4*	1#	1#	1#	1#
Richard Khoo Boo Yeong	4	4	4	4	1	1	1	1
Lawrence Mok Kwok Wah	4	3	4	3	1*	1*	1	1

\* By invitation  
# In attendance

## CORPORATE GOVERNANCE REPORT

### Principle 1: The board's conduct of affairs (continued)

Senior management staff are invited to attend Board and Committees meetings whenever necessary and there is timely communication of information between the Board, the Management and the Committees.

Newly appointed directors are briefed by the Board to familiarise them with the Group's business and its strategic directions. Directors are provided with regular updates on the latest governance and listing policies. They also have unrestricted access to professionals for consultation on laws, regulations and commercial risks as and when necessary at the expense of the Group.

### Principle 2: Board composition and guidance

**There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Board consists of five directors, of whom three are non-executive directors of whom two are independent directors. The executive directors are Albert Teo Hock Chuan and Susan Teo Geok Tin. The non-executive director is Lawrence Mok Kwok Wah. The independent directors are Chang Meng Teng and Richard Khoo Boo Yeong. The independence of each director is reviewed annually by the Nominating Committee. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board will constantly examine its size with a view to determining its impact upon its effectiveness.

Non-executive directors contribute, especially in their areas of specialty, to proposals and strategies of the Group. They also review performance of management in achieving goals and objectives set.

Particulars of interests of directors who held office at the end of the financial year in shares, debentures, and share options in the Company and in related corporations are set out in the Directors' Report on pages 33 to 37 of this annual report.

### Principle 3: Chairman and chief executive officer

**There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

Albert Teo Hock Chuan is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Group. The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is good balance of power and authority with all critical committees chaired by independent directors.

The CEO together with the other executive director have full executive responsibilities over the business directions and operational decisions of the Group. Assisting them are the Director, Property Division, the Group Quality and Systems Manager, the Group Administration Manager and the Group Financial Controller. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that management conforms to such practices. Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and senior management staff (who are not executive directors) are in attendance at Board and Committees meetings whenever necessary.

### Principle 4: Board membership

**There should be a formal and transparent process for the appointment of new directors to the Board.**

The Nominating Committee ("NC") comprises:

- Richard Khoo Boo Yeong (Chairman)
- Albert Teo Hock Chuan
- Chang Meng Teng

## CORPORATE GOVERNANCE REPORT

### Principle 4: Board membership (continued)

The Board's structure, size and composition is reviewed annually by the NC. The NC is responsible for identifying and selecting members of the Board of Directors for the purpose of proposing such nominations to the Board for its approval. Final approval of a candidate for directorship is determined by the Board.

The Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director. The NC is also charged with determining annually whether a director is independent.

Where a director has multiple board representations, the NC will evaluate whether the director is able to carry out and has been adequately carrying out his or her duties as director of the Company.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance, independence or re-nomination as director.

Currently, the Company's Articles of Association provide that one third of the ordinary directors for the time being or if their number is not a multiple of three, then the number nearest to one-third shall retire from office at the annual general meeting.

The NC is satisfied that each individual director has allocated sufficient time and resources to the affairs of the Company.

Key information regarding the directors is set out in the 'Board of Directors' section of this annual report.

### Principle 5: Board performance

**There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.**

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and of individual director.

The NC assesses the effectiveness of the Board and the contribution by each director annually taking into account the performance criteria as well as the director's ability in resolving critical issues.

### Principle 6: Access to information

**In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.**

Directors receive periodic financial and operational reports, budgets, forecasts and other disclosure documents on the Group's businesses prior to Board meetings. Senior management staff are invited where appropriate to provide further inputs during Board/Committee meetings. The Board has separate and independent access to the Company Secretaries and key executives.

At least one of the Company Secretaries is present at all formal Board meetings to respond to the queries of any director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

### Principle 7: Procedures for developing remuneration policies

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

The Remuneration Committee ("RC") comprises:

- Richard Khoo Boo Yeong (Chairman)
- Chang Meng Teng
- Lawrence Mok Kwok Wah

## CORPORATE GOVERNANCE REPORT

### Principle 7: Procedures for developing remuneration policies (continued)

The RC's principal functions are to:

- a) recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each executive director; and
- b) review senior executive remuneration and non-executive directors' fees annually.

All members of this Committee (including the Chairman) are independent non-executive directors, except for Lawrence Mok Kwok Wah who is a non-independent non-executive director.

### Principle 8: Level and mix of remuneration

**The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

### Principle 9: Disclosure on remuneration

**Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.**

In setting the remuneration packages for the executive directors, the Company makes a comparative study of the remuneration packages in comparable industries and takes into account the performance of the Group and that of the executive directors. The performance related elements of remuneration is designed to align interests of the executive directors with those of shareholders.

For the current year, the Board has recommended a fee for non-executive directors which is subject to approval at the Annual General Meeting ("AGM"). Directors' fees are set in accordance with a remuneration framework comprising a basic fee as a director and an additional fee for serving on Board Committees, taking into consideration contribution of each of the non-executive director.

The service agreements of the executive directors are of a fixed appointment period.

For competitive reasons, the Company is not disclosing each individual director's remuneration. Instead disclosures are made under the broad band of remuneration as follows:

Remuneration band	No. of Directors	
	2008	2007
S\$750,000 and above	1	1
S\$500,000 to below S\$750,000	–	–
S\$250,000 to below S\$500,000	1	1
Below S\$250,000	3	3
Total	5	5

The Group currently adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the Group and individual performance. Due to the highly competitive industry condition the Group operates in, it is not disclosing the remuneration of its key executives.

One of the executives who earns more than S\$150,000 per annum is related to Albert Teo Hock Chuan, Susan Teo Geok Tin and Lawrence Mok Kwok Wah.

## CORPORATE GOVERNANCE REPORT

### Principle 10: Accountability

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

### Principle 11: Audit committee

**The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.**

### Principle 12: Internal controls

**The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

### Principle 13: Internal audit

**The company should establish an internal audit function that is independent of the activities it audits.**

The AC comprises three non-executive directors, two of whom, including the Chairman are independent. They are Chang Meng Teng (Chairman of the AC), Richard Khoo Boo Yeong and Lawrence Mok Kwok Wah. The AC had four meetings during the financial year. Key information regarding the AC members is given in the 'Board of Directors' section of the annual report.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Code, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- reviews quarterly reporting to SGX-ST and year end financial statements of the Group before submission to the Board, focusing on
  - going concern assumption;
  - compliance with financial reporting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgemental areas; and
- any other functions which may be agreed by the AC and the Board.

## CORPORATE GOVERNANCE REPORT

### **Principle 11: Audit committee (continued)**

### **Principle 12: Internal controls (continued)**

### **Principle 13: Internal audit (continued)**

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. The AC has free and independent access to the external auditors and the internal auditors, and other senior management staff for information that it may require. It has full discretion to invite any director and executive officer to attend its meetings. The AC is satisfied with the assistance given by the Group's officers to the audit functions. The AC has also express power to investigate any matter brought to its attention, within its terms of reference, with the power to seek professional advice at the Company's expense. Where the external auditors also provide significant amount of non-audit services, the AC will undertake a review of such services to be satisfied that they would not affect the independence and objectivity of the external auditors.

The Group has an in-house internal audit function that is independent of the activities that it audits and reports directly to the AC.

Key business risks identified in the course of audit and plans to address these risks are communicated to the Management accordingly and tabled for discussion at AC meetings with updates by the Management on the status of these action plans. The AC has reviewed the Group's material internal controls, including financial, operational and compliance controls, and risk management policies and is satisfied that there are adequate internal controls in place. The Board is satisfied that existing internal controls and risk management systems are adequate.

### **Principle 14: Communication with shareholders**

**Companies should engage in regular, effective and fair communication with shareholders.**

### **Principle 15: Greater shareholder participation**

**Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practise selective disclosure as all price-sensitive information is released through SGXNET. The Company also maintains a website at [www.amaraholdings.com](http://www.amaraholdings.com), at which shareholders can access information on the Group such as corporate information, annual report and core businesses of the Group.

The Company has also retained the services of a Public Relations firm to assist in its communication with the shareholders. The Articles of the Company permit a shareholder to appoint one or two proxies to attend AGM and vote in his stead. At the AGM, shareholders are given the opportunity to express their views and ask the Board and the Management questions about the Group.

### **Dealing in securities**

The Company has adopted the SGX-ST best practices on dealings in securities in its Internal Code of Dealings in Securities ("Internal Code") to prescribe the internal regulations pertaining to the securities of the Company. The Internal Code prohibits securities dealings by directors and employees while in possession of price-sensitive information. The directors and these employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results and ending on the date of announcement of the results.

## CORPORATE GOVERNANCE REPORT

### Interested person transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the AC.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Yi Ning Restaurants Pte Ltd	134	0