

*fresh from the sea,
straight from our hearts*





contents

01	Concept Rationale
02	Corporate Profile
04	Chairman's Statement
08	Board of Directors
10	Operations Review
15	Corporate Structure
16	Corporate Information
17	Financial Report Index

"Fresh from the Sea, Straight from Our Hearts" is a sincere declaration that works to demonstrate the understanding of impeccable quality that is inherent throughout the Thai Village chain. As Thai Village restaurants continue to garner support and loyalty with a growing regional presence, the qualities that have come to stand for the best of Thai Village remain the same: unparalleled culinary expertise, the freshest of seafood and most importantly, an understanding of what it takes to please each and every customer.

As a chain of restaurants that prides ourselves on serving the best from the sea, this sincere theme delivers a wholesome message of the delectable food and impeccable service that can be experienced at each Thai Village restaurant.





Thai Village Holdings Ltd consists of a chain of 16 self-managed restaurants, 15 franchise restaurants and a Sharkfin processing plant. Since our inception in 1991 with our flagship Thai Village Sharkfin Restaurant, we have grown steadily to expand throughout the region.

Our signature Braised Superior Shark's Fin soup can now be found in Thai Village restaurants throughout Singapore, the PRC and Indonesia.

As we move to conquer new grounds with our own brand of Seafood Restaurants, our winning strategy of sound business acumen, as well as offering our customers only the choicest quality ingredients, superior cuisine and impeccable service, continues to guide our expansion.



*The start of each day at Thai Village
begins with a quest...*





FY 2005 was a challenging year for the Group. Intense business competition in the marketplace especially in the People's Republic of China ("PRC"), as well as controlled spending imposed by the PRC government led to a 9% decline in our Group's turnover. Losses incurred by our newly established restaurants in the PRC and a seafood outlet in Singapore resulted in a lower profit for FY2005. Nevertheless, the Group diversified into the seafood business in FY 2005 and continues to look for expansion opportunities in the region. We believe that the Thai Village brand remains one that is well-received and will work towards greater growth.

Partnerships for Growth

Sales from our Singapore outlets contributed 45% to the overall turnover of the Group, an increase of 3% from FY2004. While sales from our restaurant outlets in Singapore continue to show consistent growth, we continue to seek opportunities to enhance and diversify the Group's business activities.

During the financial year, Thai Village Steamboat Pte. Ltd. was renamed Thai Village Seafood Pte. Ltd. as part of our branding strategy. Tenshou Trading Sdn. Bhd., the operator of the popular Overseas Restaurant chain in Malaysia, came on board as our new joint venture partner in Thai Village Seafood Pte. Ltd.. With this new brand, we aim to refine and expand our menu

offerings to align and capture new market segments. This new joint venture has resulted in our first Thai Village Seafood restaurant at East Coast Park Seafood Centre. Prompted by the positive economic growth in Singapore, we opened a second Thai Village Seafood restaurant at Changi Village in October 2005.

Moving Forward

The Group will focus on improving its business and strengthening its brand name both locally and in the PRC market. Business in the PRC will remain a challenge due to intense competition and controlled spending imposed by the Government. However, the Group will step up efforts to strengthen its marketing activities and expand its franchise network.

In Singapore, we will be launching our loyalty programme in 2006 to thank and reward our loyal customers for their steadfast support.

In the region, the Group had also entered into a joint venture with a party in Vietnam to form a subsidiary to develop and manage Thai Village sharksfin restaurants in Vietnam.

We continue to seek steady growth of the Thai Village brand both locally and regionally through the identification of opportunities to expand our stable of restaurants. At the same time, we will focus on

strengthening our existing business, positioning our brand and aligning our business for potential growth.

In FY2005, our dedication to Thai Village's unique blend of top quality cuisine, attention to detail and commitment to customer satisfaction resulted in 2 awards - the Golden Brand Award and the prestigious Superbrands Award. These awards are testaments of recognition for our brand. We are honoured to receive this acknowledgement and will continue to strive for greater heights.

In Appreciation

On behalf of the Board of Directors, I would like to extend my heartfelt appreciation to our customers, business partners, suppliers and shareholders for their continuing commitment and support during the year. I would also like to extend my appreciation and thanks to our management and staff for their diligence and hard work.

To show our appreciation to our loyal shareholders, the Board recommended a first and final cash dividend of 0.8 cents per ordinary share.

I look forward to another exciting year as we continue to strive for greater excellence together.

Lee Tong Soon
Chairman & Managing Director



*At the edge of dawn,
the best and freshest
of ingredients are sourced
— straight from the finest bounties of the sea*



主席致词

2005财政年对本集团而言,是个极具挑战性的一年。市场的激烈竞争,加上中国政府所实施的宏观调控措施导致集团的收入下降了百分之九。在中国新开设的餐馆及在新加坡的鲜餐馆所蒙受的亏损,使集团2005财政年度的盈利相对的减少。尽管如此,集团在2005财政年度投入海鲜市场的营运,并将继续在本区域内寻找具有效益的扩展机会。我们坚信泰国村的品牌仍然受到市场的信赖,并将继续努力,以争取更高的增长。

以合资方式扩展业务

来自新加坡的营业额占了集团总收入的45%,比2004财政年增加百分之三。尽管新加坡的餐馆营业额仍然维持增长,我们将会为集团的提升和业务的多元化不断寻找新的商机。

在本财政年期间,作为品牌策略之一,泰国村火锅私人有限公司易名为泰国村海鲜私人有限公司。同时邀请马来西亚著名的海外天餐馆连锁业者-Tenshou贸易有限公司加入,成为泰国村海鲜私人有限公司的新联营伙伴。我们将在这个新品牌的旗帜下,以提供优质的产品及服务为目标,积极争取新的市场领域。在这项联营计划下,第一家泰国村海鲜餐馆已在2005年7月在东海岸公园海鲜中心顺利开张。随着新加坡的经济增长的推动下,我们也在2005年10月在樟宜村开设了第二间泰国村海鲜餐馆。

展望新的一年,集团将着重于改善其业务,并加强在国内和中国市场的品牌知名度。中国的业务将因为市场的激烈竞争及中国政府所实行的宏观调控措施而深具挑战性。尽管如此,我们将致力于加强营销活动及扩张其特许经营网络。



我们将于2006年在新加坡推出忠诚顾客计划,以答谢及奖励我们的忠诚顾客。

在本区域,集团也与越南的一家集团签定了合作协议并将成立负责发展和管理泰国村鱼翅餐馆在越南业务的附属公司。

我们将在本地及本区域,通过发掘投资良机,扩展我们的餐饮事业,为泰国村的品牌建立稳固的名声。同时,我们也将致力于巩固我们的业务,为我们的品牌定位及为我们的潜在业务增长做好准备。

由于我们对泰国村独特的优质烹调佳肴的热诚,周详及致力于对顾客服务方面的投入,使我们在2005财政年囊括了两个奖项-金字招牌奖和超级品牌奖。这些奖项是对我们品牌验证的肯定。

对于能获得这些殊荣,我们感到非常荣幸,并且将会继续努力,攀向另一个高峰。

我谨此代表集团董事部,向我们的顾客,业务伙伴,供应商还有股东们在这一年里的支持致以万二分的谢意。我也要向我们的管理层及员工们的工作热诚及付出表示衷心的感谢。

为了表达我们对忠诚股东的谢意,董事部建议为每一普通股派发0.8分的首期及年终现金股息。

让我们在同心协力不断精益求精,展望未来。





Mr Lee Tong Soon¹
Chairman & Managing Director

Mr Lee Tong Kuon²
Executive Director

Mr Kok Nyong Patt³
Executive Director

Mr Chow Kok Kee⁴
Independent Director

Dr John Chen Seow Phun⁵
Independent Director

Mr Ee Kwong Meng @ Leslie Ee⁶
Independent Director



*Using the finest ingredients,
our culinary masters
transform the freshest catch from the sea
into masterpieces of taste, aroma and presentation...*



Overview

The overall Group's turnover decreased 9% to S\$43.8m compared to S\$48.4m in the previous financial year. The Group's profit before tax was reduced from S\$6.2m in FY2004 to S\$2.8m in FY2005. These losses arose mainly due to operating losses incurred by newly established restaurant outlets in the PRC and also a new seafood outlet in Singapore.

Singapore

While there was a 3% decline in turnover for the Singapore segment mainly attributed to the completion of consultancy and management agreement worth S\$200K monthly for the Dalian sharksfin processing plant operator, this was partially offset by an increase in our restaurants' sales.

Thai Village sharksfin restaurants are now strategically located at Goodwood Park Hotel along Scotts Road, Oasis Building at Stadium Boulevard and Yung Ho Road in Jurong. Our outlet at Goodwood Park, in particular, continues to reflect steady sales and a growing increase in patronage by our regular customers.

During the financial year, the Group ventured into the seafood business in a joint venture with Tenshou Trading Sdn. Bhd., the operator of the Overseas Restaurant chain in

Malaysia. The Group's first seafood outlet opened in July 2005 at the East Coast Park Seafood Centre, followed by the second outlet at Changi Village in October 2005.

The forging of this strategic partnership signifies another milestone of growth for the Group. It allows us to seize opportunities presented in the marketplace, enabling us to diversify our business activities and at the same time, position our business into other areas of potential growth.

Our marketing plans for FY2005 included the finalisation of plans for a customer loyalty reward programme designed to both reward as well as to entice our loyal Thai Village customers. We aim to introduce the Thai Village Customer Loyalty Card during the following financial year.

People's Republic of China

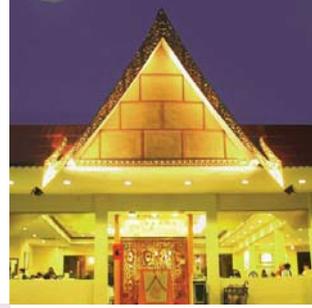
FY 2005 saw intense competition in the PRC. We experienced a business climate of strong competition from newly emerging restaurant chains. Coupled with an overall control on spending imposed





*Culminating in the most exquisite dishes
served to you...*





by the central government, these factors adversely affected our businesses. As a result, sales contribution from the PRC saw a reduction from 58% in FY2004 to 55% in FY2005.

Businesses in our new restaurant outlets in the cities such as Hangzhou, Songjiang and Zhuhai are still incurring operating losses. The Group had also closed its restaurant outlet in Jiading during the financial year in view of poor performance. Nonetheless, the management has taken measures to strengthen marketing activities, control operational cost and improve our business to position for potential growth.

The financial year saw 3 new franchisees in the cities of Zhengzhou, Yangpu in Shanghai and Wuhu joining the Group.

Indonesia

Subsequent to the financial year end, PT Sinar Galaxy, the Thai Village Restaurant operator in Surabaya had agreed to convert the existing service agreement arrangement to become a franchisee.

To-date, the Group has a total of 15 franchise outlets, of which 13 are located in the various cities of the PRC and 2 are located in Indonesia.





*...Fresh from the Sea
and Straight from our Hearts.*





Singapore Outlets

- Jurong : 19 Yung Ho Road, Singapore 618592
- Oasis : 50 Stadium Boulevard, #01-01, Oasis Building, Singapore 397796
- Goodwood Park : 22 Scotts Road, Goodwood Park Hotel, Singapore 228221
- SingPost Centre: 10 Eunos Road 8, #B2-06, Singapore Post Centre Singapore 408600
- East Coast Seafood Centre : Blk 1202 East Coast Parkway, #01-03, Singapore 449881
- Changi Village : Blk 5 Changi Village Road, #01-2001, Singapore 500005

Indonesian Franchises

- Surabaya : Mal Galaxy Lantai Satu, No. 107-109 Jl. Dharmahusada Indah Timur 37, Surabaya 60115
- Jakarta : Menara BCD, 21st Floor Jl. Jendral Sudirman Kav. 26, Jakarta Selatan 12920

中国分店

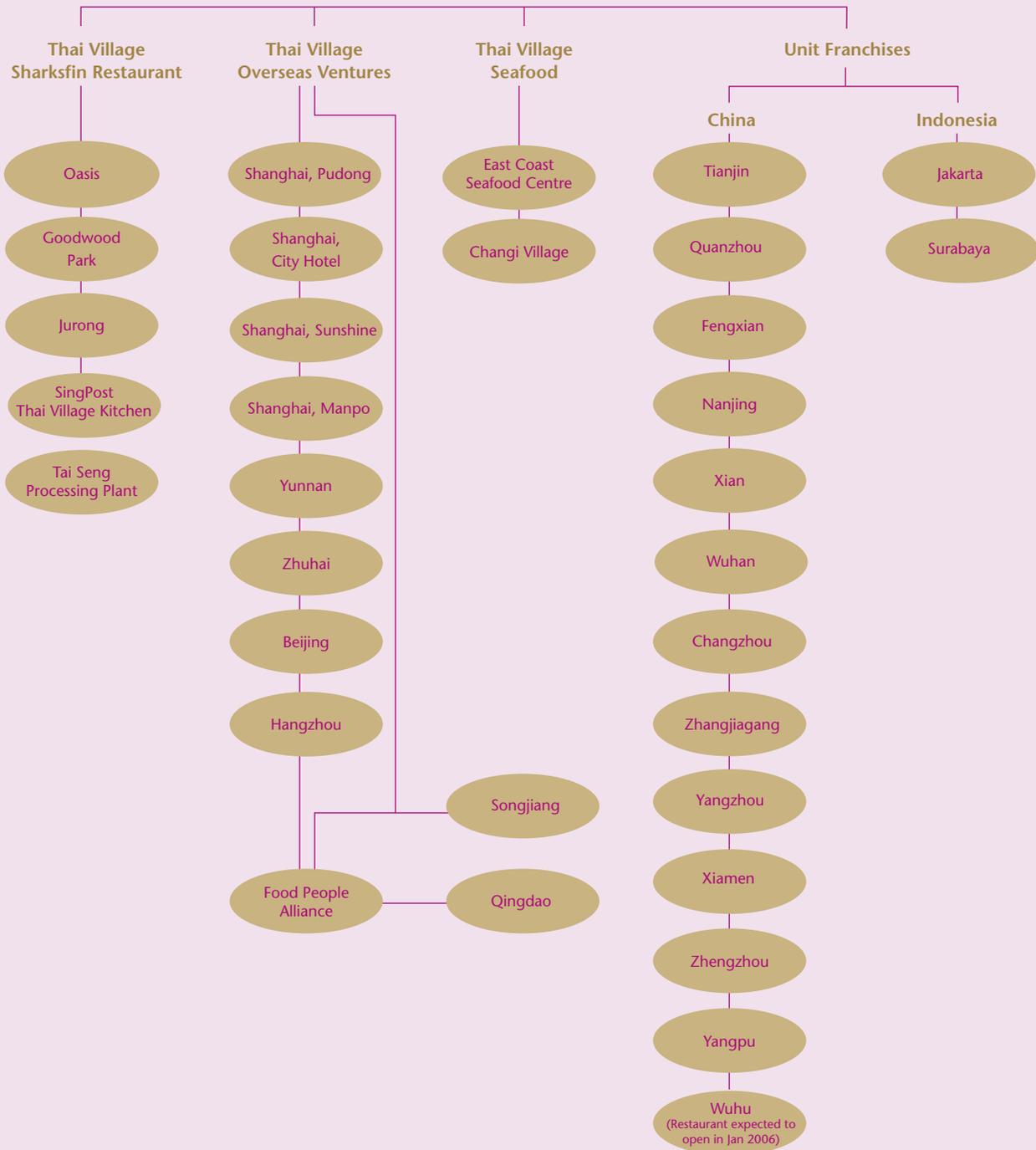
- 上海
 - 虹桥: 上海市虹桥路2266号(阳光大酒店内)
 - 万宝: 上海市新华路660号(万宝大酒店内)
 - 浦东: 上海市浦东芳甸路226号(联洋俱乐部内)
 - 城市: 上海市陕西南路5-7号(城市酒店内)
 - 松江: 上海松江新城区玉树北路2号“松江宾馆”
- 北京: 北京市朝阳区劲松三区甲302号华腾大厦二层206单元
- 昆明: 昆明市东风西路87号
- 青岛: 山东省青岛市香港中路6号青岛世界贸易中心B座东侧一层
- 杭州: 浙江省杭州市上城区南山路146-1号1-3层
- 珠海: 珠海市情侣路33号中邦商务酒店

中国加盟店

- 天津
- 泉州
- 奉贤
- 南京
- 西安
- 武汉
- 常州
- 张家港
- 扬州
- 厦门
- 郑州
- 芜湖
- 杨浦



Thai Village Holdings Ltd



Board of Directors

Mr Lee Tong Soon
Chairman & Managing Director

Mr Lee Tong Kuon
Executive Director

Mr Kok Nyong Patt
Executive Director

Mr Ee Kwong Meng @ Leslie Ee
Independent Director

Dr John Chen Seow Phun
Independent Director

Mr Chow Kok Kee
Independent Director

Joint Company Secretaries

Ms Kong Yim Pui Susan
LLB (Hons.)

Ms Goh Chui Ling Marilyn
LLB (Hons.)

Registered Office

Block 1002 Tai Seng Avenue
#01-2536 Singapore 534409
Tel: (65) 6487 6182
Fax: (65) 6487 6183
Email: general@thaivillageholding.com
Website: www.thaivillageholding.com

Share Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building Singapore 049315

Auditors

Ernst & Young
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315
Mr Cheng Heng Tan
*(Appointed during financial year ended
30 September 2005)*

Bankers

United Overseas Bank Limited
Overseas-Chinese Banking Corporation Limited
DBS Bank Ltd

financial results



Financial Report Index Contents

18	Report of the Directors
20	Statement by the Directors
21	Auditors' Report
22	Balance Sheets
23	Consolidated Profit and Loss Account
24	Statements of Changes in Equity
25	Consolidated Statement of Cash Flow
26	Notes to the Financial Statements
46	Profile of Our Directors
47	Profile of Our Executive Officers
48	Corporate Governance Report
58	Statistics of Shareholdings
59	Additional Information
60	Notice of Annual General Meeting
	Proxy Form

report of the directors

(Amounts in Singapore dollars unless otherwise stated)

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Thai Village Holdings Ltd (the "Company") and its subsidiary companies (the "Group") for the financial year ended 30 September 2005, balance sheet and statement of changes in equity of the Company as at 30 September 2005.

DIRECTORS

The directors of the Company in office at the date of this report are:

Lee Tong Soon (Chairman and Managing Director)

Lee Tong Kuon

Kok Nyong Patt

Ee Kwong Meng @ Leslie Ee

Dr John Chen Seow Phun

Chow Kok Kee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, interests in shares of the Company, as stated below:

	Shareholdings registered in the names of directors as at			Shareholdings in which the directors are deemed to have interests as at		
	1.10.2004	30.9.2005	21.10.2005	1.10.2004	30.9.2005	21.10.2005
The Company (Ordinary shares of \$0.05 each)						
Lee Tong Soon ⁽¹⁾	18,508,180	23,382,226	23,382,226	–	–	–
Lee Tong Kuon ⁽¹⁾	17,832,180	22,252,725	22,252,725	–	–	–
Kok Nyong Patt	18,252,180	22,815,225	22,815,225	–	–	–
Ee Kwong Meng @ Leslie Ee	160,000	200,000	200,000	–	–	–
Dr John Chen Seow Phun	–	–	–	50,000 ⁽²⁾	62,500 ⁽²⁾	62,500 ⁽²⁾

Note :

⁽¹⁾ Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers; and

⁽²⁾ 62,500 (2004 : 50,000) shares are held in the name of Mdm Lim Kok Huang, who is the spouse of Dr John Chen Seow Phun.

Except as disclosed above, no other director had an interest in any shares or debentures of the Company or its related corporations, either at the beginning or end of the financial year, or as at 21 October 2005.

report of the directors

(Amounts in Singapore dollars unless otherwise stated)

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from a related corporation) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Report.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of directors,

Lee Tong Soon
Managing Director

Kok Nyong Patt
Director

Singapore
22 November 2005

statement by the directors

(Pursuant to Section 201(15))

We, Lee Tong Soon and Kok Nyong Patt, being two of the directors of Thai Village Holdings Ltd, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated statement of cash flow together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2005, the results of the business of the Group, changes in equity of the Group and of the Company, and cash flow of the Group for the financial year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of directors,

Lee Tong Soon
Managing Director

Kok Nyong Patt
Director

Singapore
22 November 2005

auditors' report

(to the Members of Thai Village Holdings Ltd)

We have audited the accompanying financial statements of Thai Village Holdings Ltd (the "Company") and its subsidiary companies (the "Group") as set out on pages 22 to 45 for the financial year ended 30 September 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2005, the results, changes in equity of the Group and of the Company, and cash flow of the Group for the financial year then ended; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
22 November 2005

balance sheets
(as at 30 September 2005)

	Note	Group		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Non-current assets					
Fixed assets	3	8,021,060	7,203,297	–	–
Investments in subsidiary companies	4	–	–	4,611,828	4,374,052
Goodwill	5	14,368	14,368	–	–
Current assets					
Stocks	6	2,978,157	3,875,916	–	–
Trade debtors	7	1,060,927	1,923,016	289,592	1,000,609
Other debtors, deposits and prepayments	8	2,963,065	3,668,393	487,598	550,935
Amounts due from subsidiary companies (trade)	9	–	–	5,656,520	4,688,666
Amounts due from subsidiary companies (non-trade)	9	–	–	4,133,163	1,733,526
Amount due from a minority shareholder	9	150,000	–	–	–
Fixed deposits	10	8,284,908	7,782,640	5,026,709	6,882,400
Cash and bank balances		8,331,092	10,211,063	1,868,588	1,652,363
		23,768,149	27,461,028	17,462,170	16,508,499
Current liabilities					
Trade creditors		1,218,049	2,979,807	–	–
Other creditors and accruals	11	3,170,033	3,189,605	751,964	693,160
Amounts due to subsidiary companies (non-trade)	9	–	–	–	422,479
Amounts due to directors	9	200,000	845,000	200,000	845,000
Provision for taxation		909,596	817,821	122,155	203,055
Finance lease obligations, current portion	12	128,302	120,442	–	–
		5,625,980	7,952,675	1,074,119	2,163,694
Net current assets		18,142,169	19,508,353	16,388,051	14,344,805
Non-current liabilities					
Finance lease obligations, non-current portion	12	(620,299)	(562,404)	–	–
Deferred taxation	13	(312,792)	(309,222)	–	–
Net assets		25,244,506	25,854,392	20,999,879	18,718,857
EQUITY					
Share capital	14	10,491,035	8,392,828	10,491,035	8,392,828
Reserves		14,570,175	17,327,787	10,508,844	10,326,029
Attributable to equity holders of the parent company					
		25,061,210	25,720,615	20,999,879	18,718,857
Minority interests		183,296	133,777	–	–
Total equity		25,244,506	25,854,392	20,999,879	18,718,857

The accounting policies and explanatory notes on pages 26 to 45 form an integral part of the financial statements.

consolidated profit and loss account
 (for the financial year ended 30 September 2005)

	Note	2005 \$	Group 2004 \$
Revenue	15	43,845,113	48,413,578
Other operating income		370,271	255,080
Changes in stocks		(897,759)	1,402,437
Purchases		(17,495,387)	(21,777,166)
Personnel expenses	16	(10,027,058)	(10,146,194)
Depreciation of fixed assets	3	(1,437,424)	(1,190,051)
Foreign exchange loss, net		(114,915)	(244,802)
Other operating expenses		(11,633,929)	(10,575,413)
Profit from operating activities	17	2,608,912	6,137,469
Finance income	18	210,806	100,512
Finance costs	19	(40,288)	(52,602)
Profit before taxation		2,779,430	6,185,379
Taxation	20	(1,365,666)	(1,752,455)
Profit after taxation		1,413,764	4,432,924
Attributable to:			
Equity holders of a parent company		1,514,245	4,461,610
Minority interests		(100,481)	(28,686)
		1,413,764	4,432,924
Basic earnings per share (cents)	21	0.75	2.79
Diluted earnings per share (cents)	21	0.75	2.79

The accounting policies and explanatory notes on pages 26 to 45 form an integral part of the financial statements.

statements of changes in equity
(for the financial year ended 30 September 2005)

	Note	Group		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
Share capital					
Balance at beginning of financial year		8,392,828	7,297,828	8,392,828	7,297,828
Issuance of bonus shares during the financial year		2,098,207	–	2,098,207	–
Issuance of new shares during the financial year		–	1,095,000	–	1,095,000
Balance at end of financial year		10,491,035	8,392,828	10,491,035	8,392,828
Share premium					
Balance at beginning of financial year	(a)	6,556,259	2,614,259	6,556,259	2,614,259
Amount applied for issuance of bonus shares		(2,098,207)	–	(2,098,207)	–
Expenses incurred on issuance of bonus shares		(15,778)	–	(15,778)	–
Premium on issuance of new shares		–	3,942,000	–	3,942,000
Balance at end of financial year		4,442,274	6,556,259	4,442,274	6,556,259
Translation reserves					
Balance at beginning of financial year	(b)	(321,825)	(126,099)	–	–
Net translation differences arising during the financial year		304,248	(195,726)	–	–
Balance at end of financial year		(17,577)	(321,825)	–	–
Revenue reserves					
Balance at beginning of financial year		10,676,945	9,768,416	3,769,770	4,021,641
Profit for the financial year		1,514,245	4,461,610	4,758,920	3,038,118
Transfer to reserve fund		(89,717)	(263,092)	–	–
Dividends paid	22	(2,462,120)	(3,289,989)	(2,462,120)	(3,289,989)
Balance at end of financial year		9,639,353	10,676,945	6,066,570	3,769,770
Reserve fund					
Balance at beginning of financial year	(c)	416,408	153,316	–	–
Transfer from revenue reserves		89,717	263,092	–	–
Balance at end of financial year		506,125	416,408	–	–
Total reserves		25,061,210	25,720,615	20,999,879	18,718,857
Minority interests					
Balance at beginning of financial year		133,777	113,463	–	–
Capital contributed during the financial year		150,000	49,000	–	–
Loss for the financial year		(100,481)	(28,686)	–	–
Balance at end of financial year		183,296	133,777	–	–
Total equity		25,244,506	25,854,392	20,999,879	18,718,857

(a) The share premium account may be applied only for the purposes specified in the Singapore Companies Act. The balance is not available for distribution of dividends except in the form of shares.

(b) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company for the purpose of preparing consolidated financial statements.

(c) The reserve fund was set up to comply with the regulations in the People's Republic of China and is non-distributable.

The accounting policies and explanatory notes on pages 26 to 45 form an integral part of the financial statements.

consolidated statement of cash flow
(for the financial year ended 30 September 2005)

	Note	2005 \$	Group 2004 \$
Cash flow from operating activities			
Profit before taxation		2,779,430	6,185,379
Adjustments:			
Amortisation of goodwill		–	12,678
Amortisation of negative goodwill		–	(113,666)
Bad debts written off (trade)		34,000	–
Allowance for doubtful debts (trade)		129,593	–
Gain on disposal of fixed assets		(86,776)	(162,279)
Depreciation of fixed assets		1,437,424	1,190,051
Fixed assets written off		2,021	532,773
Provision for impairment loss of fixed assets		–	78,393
Interest expense		32,938	43,854
Interest income		(210,806)	(100,512)
Exchange differences		257,268	(210,309)
Operating profit before working capital changes		4,375,092	7,456,362
Decrease/(increase) in:			
Stocks		897,759	(1,402,437)
Trade debtors		698,374	(1,143,150)
Other debtors, deposits and prepayments		794,164	(1,274,293)
(Decrease)/increase in:			
Trade creditors		(1,761,758)	1,228,831
Other creditors and accruals		(189,598)	1,302,860
Amounts due to directors		(645,000)	287,117
Cash generated from operations		4,169,033	6,455,290
Interest paid		(32,938)	(43,854)
Taxes paid		(1,192,579)	(1,694,897)
Net cash generated from operating activities		2,943,516	4,716,539
Cash flow from investing activities			
Interest received		210,806	100,512
Purchase of fixed assets		(1,994,866)	(1,965,140)
Contribution from minority shareholders of a subsidiary company		–	49,000
Proceeds from issuance of new shares		–	5,037,000
Proceeds from sale of fixed assets		174,984	1,292,179
Expenses from issuance of bonus shares		(15,778)	–
Net cash (used in)/generated from investing activities		(1,624,854)	4,513,551
Cash flow from financing activities			
Payment of dividends to shareholders		(2,462,120)	(3,289,989)
Repayment of finance lease obligations, net		(234,245)	(693,653)
Net cash used in financing activities		(2,696,365)	(3,983,642)
Net (decrease)/increase in cash and cash equivalents		(1,377,703)	5,246,448
Cash and cash equivalents at beginning of financial year		17,993,703	12,747,255
Cash and cash equivalents at end of financial year	23	16,616,000	17,993,703

The accounting policies and explanatory notes on pages 26 to 45 form an integral part of the financial statements.

1. CORPORATE INFORMATION

Thai Village Holdings Ltd is a public company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange Limited. Related companies in these financial statements of the Group refer to the group of companies within Thai Village Holdings Ltd.

The registered office and principal place of business of Thai Village Holdings Ltd is located at Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising and the provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are as shown in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Group operates in 3 countries and employed 839 (2004 : 843) employees as at 30 September 2005. The Company employed 44 (2004 : 46) employees as at 30 September 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company, expressed in Singapore dollars, have been prepared under the historical cost convention, and in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

(b) Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company, except for the adoption of the following new/revised FRSs:

(i) *FRS 1 - Presentation of Financial Statements*

The Group and the Company have early adopted *FRS 1*, which is applicable for annual periods beginning on or after 1 January 2005. The adoption of *FRS 1* does not have a financial impact on the Group and the Company, except for the separate disclosures of the accounts attributable to equity holders of the parent company and to minority interests, on the face of the consolidated profit and loss account of the Group, and the statements of changes in equity of the Group and the Company for the financial years ended 30 September 2005 and 30 September 2004.

(ii) *FRS 103 - Business Combinations*

The Group has adopted *FRS 103*, which is applicable for business combinations for annual periods beginning on or after 1 July 2004. The financial impact of adopting *FRS 103* is detailed in Note 2(h) to the financial statements.

(c) Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "measurement currency"). The consolidated financial statements of the Group and the financial statements of the Company are presented in Singapore dollars, which is the measurement currency of the Company.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies. The accounting year-end of the subsidiary companies incorporated in the People's Republic of China is 31 December which is not co-terminous with that of the holding company, Thai Village Holdings Ltd. The consolidated financial statements are prepared based on the management accounts of these subsidiary companies for the 12 months ended 30 September.

The results of subsidiary companies acquired or disposed of during the financial year are included in or excluded from consolidated profit and loss account from date of their acquisition or disposal. All intercompany balances, transactions and any unrealised profit or loss on intercompany transactions are eliminated in full on consolidation.

A list of the Group's subsidiary companies is shown in Note 4 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Investments in subsidiary companies

A subsidiary company is defined as a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than 50% of the voting power, or controls the composition of the Board of directors.

Investments in subsidiary companies are stated at cost and provision is made for any impairment in value.

(f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the consolidated profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gains or losses resulting from their disposal are included in the consolidated profit and loss account.

(g) Depreciation

Depreciation is calculated using the straight-line method to write off the cost of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are as follows:

Leasehold properties	over their respective lease terms
Furniture, fixtures and equipment	5 - 10 years
Plant and machinery	5 - 10 years
Motor vehicles	5 - 10 years
Computers	1 - 5 years
Operating supplies	5 years

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(h) Intangible assets

(i) Goodwill

Prior to 1 October 2004

Goodwill represented the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary company at the date of acquisition. Goodwill was amortised using the straight-line basis over a period of 5 years that benefits were expected to be received. Goodwill was stated at cost less accumulated amortisation and any impairment losses.

Adoption of FRS 103

With effect from 1 October 2004, the Group has adopted *FRS 103 - Business Combinations*, which requires goodwill acquired in a business combination to be measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The adoption of *FRS 103* has also resulted in the discontinuation of amortisation of goodwill for the financial year ended 30 September 2005, as compared to a charge of \$12,678 for the previous financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Intangible assets (cont'd)

(ii) Negative goodwill

Prior to 1 October 2004

Negative goodwill represented the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill was related to an expectation of future losses and expenses that were identified in the plan of acquisition and can be measured reliably, but which had not yet been recognised, it was recognised in the consolidated profit and loss account when the future losses and expenses were recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was recognised in the consolidated profit and loss account over 5 years, which was the weighted average useful life of those assets that were amortisable. Negative goodwill in excess of fair values of the non-monetary assets acquired was recognised immediately in the consolidated profit and loss account.

Negative goodwill was presented in the same balance sheet classification as goodwill.

Adoption of FRS 103

With effect from 1 October 2004, the Group has adopted *FRS 103 - Business Combinations*, which required negative goodwill to be measured based on the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combinations, and recognised in the consolidated profit and loss account.

The adoption of *FRS 103* has also resulted in the derecognition of negative goodwill at 1 October 2004, with a corresponding adjustment to the opening retained earnings of the Group. As the Group's negative goodwill is fully amortised as at 1 October 2004, there is no restatement of the Group's opening retained earnings.

(i) Impairment of assets

Fixed assets, investments in subsidiary companies and goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of an impairment loss recognised in prior years is recorded only if there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the consolidated profit and loss account.

(j) Stocks

Stocks are valued at the lower of cost and net realisable value. Costs are determined on a first-in, first-out basis or specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale, and after making allowance for deteriorated, damaged, expired and slow-moving stocks.

(k) Receivables

Trade and other debtors, which generally have been granted 30 to 90 days credit terms, are recognised and carried at original invoiced amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from subsidiary companies and a minority shareholder are recognised and carried at cost less an allowance for any uncollectible amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Payables

Trade and other creditors, which are normally settled on 30 to 90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and the Company.

Payables to subsidiary companies and directors are carried at cost.

(m) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(n) Leases

Finance leases

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the consolidated profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where the Group effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated profit and loss account on a straight-line basis over the lease term.

(o) Deferred taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax to be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Revenue recognition

(i) *Revenue from sale of goods*

Revenue from sale of goods is recognised upon the billing of food and beverage (inclusive of 10% service charge) to customers. Revenue represents the invoiced value of food and beverage, net of discounts and sales levy but inclusive of the 10% service charge.

(ii) *Management fees*

Management fees are recognised upon the rendering of management and consultation services to and acceptance by customers and subsidiary companies.

(iii) *Service fees*

Service fees are recognised on an accrual basis.

(iv) *Dividend income*

Dividend income is recognised at gross when the shareholder's rights to receive payment is established.

(v) *Franchise and royalty fees*

Initial franchise fees are recognised as revenue as the services are rendered. Royalties are recognised on an accrual basis.

(vi) *Interest income*

Interest income is recognised on an accrual basis.

(q) Employee benefits

Defined contribution plan

As required by law, the Group makes contribution to the state pension scheme, the Central Provident Fund ("CPF") or equivalent. CPF contributions or equivalent are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Accumulating compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

(r) Foreign currencies

(i) *Foreign currency transactions*

Transactions in foreign currencies are measured in Singapore dollars and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the consolidated profit and loss account.

(ii) *Foreign currency translations*

Assets and liabilities of foreign subsidiary companies are translated into Singapore dollars at the exchange rates ruling at balance sheet date. The results of foreign subsidiary companies are translated into Singapore dollars at the average exchange rates applicable for the financial year. Foreign currency translation adjustments arising on consolidation are accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of the transaction.

(s) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, bank balances, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

3. FIXED ASSETS

Group	Leasehold properties \$	Furniture, fixtures and equipment \$	Plant and machinery \$	Motor vehicles \$	Computers \$	Operating supplies \$	Total \$
Cost							
At beginning of financial year	2,812,123	6,288,405	999,689	1,118,554	176,149	81,833	11,476,753
Additions	–	1,385,901	337,834	402,032	135,306	33,793	2,294,866
Disposals	–	(15,484)	(6,900)	(349,565)	(1,360)	–	(373,309)
Write-offs	–	(24,850)	–	–	–	–	(24,850)
Transfers	–	(300,937)	106,165	–	15,188	(19,991)	(199,575)
Translation differences	–	91,407	19,906	4,420	5,333	(176)	120,890
At end of financial year	2,812,123	7,424,442	1,456,694	1,175,441	330,616	95,459	13,294,775
Accumulated depreciation							
At beginning of financial year	923,789	2,312,355	384,630	381,782	137,577	54,930	4,195,063
Charge for the financial year	114,272	833,040	180,141	229,853	69,583	10,535	1,437,424
Disposals	–	(762)	(4,456)	(279,656)	(227)	–	(285,101)
Write-offs	–	(22,829)	–	–	–	–	(22,829)
Transfers	–	(185,810)	8,460	–	(3,772)	(18,453)	(199,575)
Translation differences	–	57,712	8,356	2,449	1,853	(30)	70,340
At end of financial year	1,038,061	2,993,706	577,131	334,428	205,014	46,982	5,195,322
Charge for 2004	114,324	673,396	121,585	231,542	38,159	11,045	1,190,051
Provision for impairment loss	–	24,787	39,094	–	–	14,512	78,393
Net book value							
At end of financial year	1,774,062	4,405,949	840,469	841,013	125,602	33,965	8,021,060
At beginning of financial year	1,888,334	3,951,263	575,965	736,772	38,572	12,391	7,203,297

Motor vehicles with net book values of approximately \$759,000 as at 30 September 2005 (2004 : \$667,000) were acquired under finance leases.

During the financial year, the Group acquired fixed assets amounting to \$2,294,866 (2004 : \$2,912,404) of which \$1,994,866 (2004 : \$1,965,140) and \$300,000 (2004 : \$874,000) were acquired by way of cash and finance leases respectively.

Details of leasehold properties are disclosed in Note 31 to the financial statements.

4. INVESTMENTS IN SUBSIDIARY COMPANIES

	2005 \$	Company 2004 \$
Unquoted equity shares, at cost:		
At beginning of financial year	4,761,828	5,628,728
Divestment during the financial year	(150,000)	–
Disposal during the financial year	–	(866,900)
	4,611,828	4,761,828
Less : Provision for impairment loss	–	(387,776)
At end of financial year	4,611,828	4,374,052

Details of the subsidiary companies as at 30 September are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group		Cost of investment held by the Company	
			2005 %	2004 %	2005 \$	2004 \$
<u>Held by the Company</u>						
Thai Village Sharksfin Restaurant Pte Ltd ⁽¹⁾	Operation of restaurants	Republic of Singapore	100	100	4,261,826	4,261,826
Thai Village Overseas Ventures Pte Ltd ⁽¹⁾	Investment holding	Republic of Singapore	100	100	2	2
Thai Village Seafood Pte. Ltd. ⁽¹⁾ (formerly known as Thai Village Steamboat Pte. Ltd.)	Operation of restaurants	Republic of Singapore	70	100	350,000	500,000
<u>Held by subsidiary companies</u>						
Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd ^{(2) *}	Operation of restaurants	People's Republic of China	90	90	–	–
Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd ⁽³⁾	Operation of restaurants	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Shenyang) Co., Ltd [@]	Operation of restaurants	People's Republic of China	–	100	–	–

notes to the financial statements (cont'd)

30 September 2005

4. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group		Cost of investment held by the Company	
			2005 %	2004 %	2005 \$	2004 \$
Held by subsidiary companies (cont'd)						
Thai Village Sharksfin Restaurant (Beijing) Co., Ltd ⁽⁴⁾	Operation of restaurants	People's Republic of China	100	100	–	–
Shanghai Thai Village Restaurant Management Co., Ltd ⁽⁵⁾	Operation and management of restaurants	People's Republic of China	93.75	93.75	–	–
Thai Village Sharksfin Restaurant (Qingdao) Co., Ltd ⁽⁶⁾	Operation of restaurants	People's Republic of China	51	100	–	–
Shanghai Thai Village City Restaurant Co., Ltd ^{(5) #}	Operation of restaurants	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Songjiang) Co., Ltd ⁽⁷⁾	Operation of restaurants	People's Republic of China	87.75	87.75	–	–
Food People Alliance Pte Ltd ⁽¹⁾	Investment holding	Republic of Singapore	51	51	–	–
Thai Village Sharksfin Restaurant (Hangzhou) Co., Ltd ^{(8) (a)}	Operation of restaurants	People's Republic of China	100	–	–	–
Thai Village Sharksfin Restaurant (Zhuhai) Co., Ltd ^{(8) (b)}	Operation of restaurants	People's Republic of China	100	–	–	–
Thai Village Sharksfin Restaurant (Jiading) Co., Ltd ^{(7) (c)}	Operation of restaurants	People's Republic of China	87.75	–	–	–
					4,611,828	4,761,828

4. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

- * A subsidiary company, Thai Village Overseas Ventures Pte Ltd ("TVOV"), entered into a Co-operative Joint Venture ("CJV") Agreement with Shanghai International Trade and Services Co. Ltd ("SITSCL") for the setting up of a co-operative joint venture known as Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd ("TV Shanghai"). Under the relevant laws of the People's Republic of China, TV Shanghai holds the status of a Chinese legal person and is recognised as TVOV's investment entity in the People's Republic of China. Under the terms of the CJV Agreement, TVOV is entitled to receive all profits from TV Shanghai after paying SITSCL a fixed sum of US\$20,000 annually regardless of whether profits are made for that year. The CJV Agreement also provides that TVOV shall have control over TV Shanghai's business operations. In the event of winding up, liabilities net of assets will be borne by TVOV. In the case of a net tangible asset position, save for goodwill and intangible assets which will belong to TVOV, all remaining net assets will be divided between TVOV and SITSCL in the proportion of 90% and 10% respectively.

- # A subsidiary company, TVOV, entered into a Co-operative Joint Venture ("CJV") Agreement with Shanghai Cheng Qiao Zi Chan Jing Ying You Xian Gong Si ("SCQZCJY") for the setting up of a co-operative joint venture known as Shanghai Thai Village Restaurant Management Co., Ltd ("Shanghai TV RMC"). Under the relevant laws of the People's Republic of China, Shanghai TV RMC holds the status of a Chinese legal person and is recognised as TVOV's investment entity in the People's Republic of China. Under the terms of the CJV Agreement, TVOV is entitled to receive all profits from Shanghai TV RMC after paying SCQZCJY a fixed sum of US\$20,000 annually regardless of whether profits are made for the year. The CJV Agreement also provides that TVOV shall have control over Shanghai TV RMC's business operations. Other than the US\$20,000 return per annum and the original 6.25% capital injected, SCQZCJY will not be entitled to any share of assets and liabilities of Shanghai TV RMC in the event of winding up.

- ® The subsidiary company is liquidated during the financial year.

- (a) On 27 October 2004, the Group incorporated a wholly-owned subsidiary company, Thai Village Sharksfin Restaurant (Hangzhou) Co., Ltd with an issued and fully paid-up share capital of US\$150,000.

- (b) On 20 June 2005, the Group incorporated a wholly-owned subsidiary company, Thai Village Sharksfin Restaurant (Zhuhai) Co, Ltd with an issued and fully paid-up share capital of US\$150,000.

- (c) On 14 October 2004, the Company acquired 87.75% equity interest in Thai Village Sharksfin Restaurant (Jiading) Co., Ltd, with an issued and fully paid-up share capital of US\$140,000. The subsidiary company subsequently ceased operations during the financial year.

- (1) Audited by Ernst & Young, Singapore.
- (2) Audited by Shanghai Jin Mao Certified Public Accountants Co., Ltd.
- (3) Audited by Yunnan Guangda Certified Public Accountants Co., Ltd.
- (4) Audited by Beijing Jingyu Certified Public Accountants Co., Ltd.
- (5) Audited by Shanghai East Asia Certified Public Accountants Co., Ltd.
- (6) Audited by Zhenqing Certified Public Accountants Co., Ltd.
- (7) Audited by Shanghai Da Tong Certified Public Accountants.
- (8) These subsidiary companies were incorporated during the financial year and no auditors had been appointed as at year-end.

5. GOODWILL

Group	Goodwill \$	Negative goodwill \$	Total \$
Cost:			
As at 1 October 2003 and 30 September 2004	71,704	(568,326)	(496,622)
Effects of adopting <i>FRS 103</i>	(57,336)	568,326	510,990
As at 1 October 2004 and 30 September 2005	14,368	–	14,368
Accumulated amortisation:			
As at 1 October 2003	44,658	(454,660)	(410,002)
Amortisation during the financial year	12,678	(113,666)	(100,988)
As at 30 September 2004	57,336	(568,326)	(510,990)
Effects of adopting <i>FRS 103</i>	(57,336)	568,326	510,990
As at 30 September 2005	–	–	–
Net carrying value:			
As at 30 September 2005	14,368	–	14,368
As at 30 September 2004	14,368	–	14,368

6. STOCKS

	2005 \$	Group 2004 \$
At cost:		
Raw and other materials	1,161,889	928,300
Processed stocks	1,816,268	2,947,616
	2,978,157	3,875,916

7. TRADE DEBTORS

	2005 \$	Group 2004 \$	2005 \$	Company 2004 \$
Trade debtors	1,190,520	1,923,016	345,592	1,000,609
Less : Allowance for doubtful debts	(129,593)	–	(56,000)	–
	1,060,927	1,923,016	289,592	1,000,609

8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Prepayments	710,239	1,011,009	5,217	8,367
Deposits	1,224,971	1,436,352	–	–
Advances to employees *	102,160	106,160	82,160	82,160
Tax recoverable	88,713	254,824	–	–
Sundry debtors	836,982	860,048	400,221	460,408
	2,963,065	3,668,393	487,598	550,935

* These amounts are unsecured, interest-free and repayable on demand.

9. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES/MINORITY SHAREHOLDER/DIRECTORS (TRADE AND NON-TRADE)

The trade amounts due from subsidiary companies are unsecured, interest-free and are repayable within normal trade terms. These amounts arose from the provision of management and consultation services by the Company to its subsidiary companies.

The non-trade amounts due from/(to) subsidiary companies, minority shareholder and directors are unsecured, interest-free and repayable on demand.

10. FIXED DEPOSITS

Fixed deposits have an average maturity of 3 months to 1 year (2004 : 1 month to 1 year), and bear effective interest rates ranging from 1.75% to 4.00% (2004 : 0.56% to 1.98%) per annum.

11. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Sundry creditors	1,048,094	1,239,681	244,730	190,027
Deferred income	726,893	871,182	–	–
Accrued personnel expenses	871,604	619,387	201,720	340,613
Other accrued operating expenses	523,442	459,355	305,514	162,520
	3,170,033	3,189,605	751,964	693,160

12. FINANCE LEASE OBLIGATIONS

Group

The Group conducts a portion of its operations from leased facilities, which include motor vehicles. These leases are classified as finance leases and expire over the next 7 years with options to purchase at the end of the lease terms. The average discount rates implicit in these leases range from 4.30% to 5.20% (2004 : 4.40% to 5.20%) per annum. Future minimum lease payments under finance leases together with the present values of the net minimum lease payments are as follows:

	2005		2004	
	Minimum payments \$	Present value of payments \$	Minimum payments \$	Present Value of payments \$
Within 1 year	149,928	128,302	142,080	120,442
Within 2 to 5 years	724,534	620,299	662,457	562,404
Total minimum lease payments	874,462	748,601	804,537	682,846
Less: Amounts representing finance charges	(125,861)	–	(121,691)	–
Present value of minimum lease payments	748,601	748,601	682,846	682,846
Disclosed as:				
Current		128,302		120,442
Non-current		620,299		562,404
		748,601		682,846

13. DEFERRED TAXATION

	Group	
	2005 \$	2004 \$
Deferred tax liabilities:		
Balance at beginning of financial year	309,222	355,860
Provision/(credit) during the financial year	–	(43,000)
Translation differences	3,570	(3,638)
Balance at end of financial year	312,792	309,222
Deferred tax liabilities as at 30 September relate to the following:		
Deferred tax liabilities:		
Excess of net book values over tax written down values of fixed assets	309,222	312,860
Translation differences	3,570	(3,638)
Net deferred tax liabilities	312,792	309,222
Deferred tax assets not recognised as at 30 September relate to the following:		
Unutilised tax losses	(447,000)	(318,000)

The Group did not recognise deferred tax assets amounting to \$447,000 (2004 : \$318,000), as the utilization of the taxable profits from foreign subsidiary companies is uncertain.

14. SHARE CAPITAL

	Group and Company	
	2005	2004
	\$	\$
Authorised:		
400,000,000 ordinary shares of \$0.05 each	20,000,000	20,000,000
Issued and fully paid:		
At beginning of financial year		
167,856,560 (2004 : 145,956,560) ordinary shares of \$0.05 each	8,392,828	7,297,828
Issued during the financial year		
41,964,140 (2004 : Nil) bonus shares of \$0.05 each	2,098,207	–
Nil (2004 : 21,900,000) ordinary shares of \$0.05 each	–	1,095,000
At end of financial year		
209,820,700 (2004 : 167,856,560) ordinary shares of \$0.05 each	10,491,035	8,392,828

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

15. REVENUE

	Group	
	2005	2004
	\$	\$
Restaurant operations	42,380,826	45,139,159
Management and service fees	473,930	2,508,767
Franchise and royalty fee income	990,357	765,652
	43,845,113	48,413,578

16. PERSONNEL EXPENSES

	Group	
	2005	2004
	\$	\$
Wages, salaries, bonuses and allowances*	8,691,001	8,977,892
Pension contributions	525,604	434,057
Other personnel costs	810,453	734,245
	10,027,058	10,146,194

* Includes directors' fees and remuneration as disclosed in Note 25 to the financial statements.

17. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is stated after charging/(crediting) the following:

	2005	Group	2004
	\$		\$
Allowance for doubtful trade debts (trade)	129,593		–
Bad debts written off (trade)	34,000		–
Amortisation of goodwill	–		12,678
Amortisation of negative goodwill	–		(113,666)
Fixed assets written off	2,021		532,773
Gain on disposal of fixed assets	(86,776)		(162,279)
Provision for impairment loss of fixed assets	–		78,393
Pre-operating expenses	251,426		5,951
Royalty expenses	–		21,260

18. FINANCE INCOME

	2005	Group	2004
	\$		\$
Interest income:			
Fixed deposits	112,604		56,553
Bank balances	98,202		43,959
	210,806		100,512

19. FINANCE COSTS

	2005	Group	2004
	\$		\$
Interest expense on finance lease obligations	32,938		43,854
Bank charges	7,350		8,748
	40,288		52,602

20. TAXATION

Major components of income tax expense for the financial years ended 30 September are:

	2005	Group	2004
	\$		\$
Tax expense attributable to profit is made up of:			
On results for the financial year			
- Singapore taxation	780,647		1,016,002
- Overseas taxation	587,766		951,096
- Deferred tax credit	–		(43,000)
	1,368,413		1,924,098

20. TAXATION (cont'd)

	2005 \$	Group 2004 \$
Overprovision in respect of prior years:		
- Singapore taxation	(2,747)	(111,754)
- Overseas taxation	-	(59,889)
	<u>(2,747)</u>	<u>(171,643)</u>
Total	<u>1,365,666</u>	<u>1,752,455</u>

A reconciliation of the statutory tax expense to the Group's effective tax expense applicable to income from continuing operations for the financial years ended 30 September is as follows:

Profit before taxation	2,779,430	6,185,379
Statutory tax expense at the applicable rate of 20% (2004 : 20%)	555,886	1,237,076
Non-deductible expenses	92,414	182,815
Non-taxable income	-	(57,590)
Differences in foreign tax rates	326,176	92,989
Withholding tax	172,953	175,223
Tax effect of unutilised losses expired due to deregistration of a subsidiary company	-	320,941
Changes in tax rates	-	(19,383)
Deferred tax assets not recognised	386,735	116,692
Overprovision in respect of prior years	(2,747)	(171,643)
Tax rebate/exemption	(173,162)	(121,428)
Others	7,411	(3,237)
Effective tax expense	<u>1,365,666</u>	<u>1,752,455</u>

During the financial year, in relation to the group relief system, the Group has utilised tax losses of approximately \$81,000 (2004 : \$1,132,000) to set off against the assessable income of certain companies within the Group. The utilisation of tax losses under the group relief system is subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

As at 30 September 2005, the Group has unutilised tax losses carried forward from certain foreign subsidiary companies of approximately \$2,235,000 (2004 : \$1,590,000), available for offset against future taxable income. The potential deferred tax assets arising from these unutilised tax losses have not been recognised as taxable profits from the foreign subsidiary companies against which the deferred tax assets can be utilised, is uncertain.

21. EARNINGS PER SHARE

Both basic and fully diluted earnings per share are calculated by dividing the Group's net profit attributable to shareholders of \$1,514,245 (2004 : \$4,461,610) by the weighted average number of shares in issue during the financial year of 202,347,634 (2004 : 159,816,560) shares.

22. DIVIDENDS

Group and Company

During the financial year ended 30 September 2005, a final dividend of 1.5 cents per share of which 0.166 cents per share less tax at 20%, and 1.334 cents per share which was tax exempt, was paid in respect of the financial year ended 30 September 2004.

During the financial year ended 30 September 2004, a final dividend and a special dividend of 1.5 cents and 0.5 cents per share respectively, less tax at 22%, was paid in respect of the financial year ended 30 September 2003. In addition, an interim dividend of 0.5 cents per share, less tax at 20% was paid in respect of financial year ended 30 September 2004

The directors proposed a final dividend of 0.8 cents (2004 : 1.5 cents) which is tax exempt (2004 : 20%), amounting to \$1,678,566 (2004 : \$2,462,120).

23. CASH AND CASH EQUIVALENTS

	2005 \$	Group 2004 \$
Fixed deposits	8,284,908	7,782,640
Cash and bank balances	8,331,092	10,211,063
	16,616,000	17,993,703

24. OPERATING LEASE COMMITMENTS

The Group has various operating lease agreements for the rental of restaurants, staff quarters and factory premises. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated profit and loss account during the financial year, amounting to \$4,834,072 (2004 : \$4,827,634) of which \$968,009 (2004 : \$989,903) pertained to the contingent rents paid during the financial year.

Future minimum rentals under non-cancellable leases as at 30 September are as follows:

	2005 \$	Group 2004 \$
Within 1 year	4,705,000	4,107,000
Within 2 to 5 years	7,351,000	8,058,000
More than 5 years	1,989,000	1,651,000
	14,045,000	13,816,000

In addition to the above minimum rentals, certain subsidiary companies in the People's Republic of China are committed to pay additional rental based on a certain percentage of sales achieved at each outlet. This will materialise if the outlet sales of the respective subsidiary companies exceed a certain minimum threshold as stipulated in the rental agreements.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with its related companies/parties during the financial year at agreed terms:

	2005 \$	Group 2004 \$
Management fees from subsidiary companies	(3,085,805)	(4,039,514)
Directors' remuneration	1,164,927	1,760,773
Directors' fees	200,000	260,000
Key executive officers' remuneration	461,932	504,273
Remuneration paid to employees related to directors or substantial shareholders	400,900	472,887

26. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

The carrying amounts of trade and other debtors, fixed deposits, and cash and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances, and fixed deposits are placed with reputable and well-established local and foreign banks. To mitigate credit concentration, counter-party limit for each bank has been established and monitored periodically.

26. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (cont'd)

Credit risk (cont'd)

Credit risk relating to trade debtors is limited to the risk arising from the debtor's inability to make payments when the obligations are due. Guidelines on credit terms provided to trade customers are established and continually monitored. The Group has no significant concentration of credit risk with any single customer.

Foreign currency risk

The Group has foreign exchange rate risk exposure namely in United States dollar and Renminbi.

Currently, the Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. It is the policy of the Group not to trade in any derivative forward contracts.

Whenever possible, in their respective dealings with third parties, the Group would use the respective measurement currencies to minimise foreign currency risk.

Interest rate risk

The Group obtains additional financing through leasing arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Information relating to the Group's interest rate exposure is also disclosed in Notes 10 and 12 to the financial statements.

Liquidity risk

The Group monitors its liquidity risk by monitoring working capital projections and ensuring that it has adequate working capital to meet current requirements.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value:

Trade debtors, amounts due from subsidiary companies (trade), and trade creditors

The carrying amounts of these balances approximate their fair values because these are subject to normal trade credit terms.

Other debtors, deposits and prepayments, other creditors and accruals, amounts due from/(to) subsidiary companies (non-trade), a minority shareholder and directors, and finance lease obligations (current)

The carrying amounts approximate fair values due to their short-term nature.

Fixed deposits, and cash and bank balances

The carrying amounts of these balances approximate fair values due to their short-term nature and liquidity.

Finance lease obligations (non-current)

The fair values of finance lease obligations (non-current) are determined by discounting the relevant cash flow using the current interest rate of similar instruments as of balance sheet date, as follows:

	Note	2005		Group		2004	
		Carrying amount \$	Estimated fair value \$	Carrying amount \$	Estimated fair value \$		
Finance lease obligations (non-current)	12	620,299	644,986	562,404	582,637		

28. SEGMENT INFORMATION

Business segments

The Group is organised on a worldwide basis into two main operating business segments, namely:

- Restaurant operations; and
- Restaurant management services.

Inter-segment pricing is on an arm's length basis.

2005	Restaurant operations \$	Restaurant management services \$	Eliminations \$	Group \$
Turnover				
- external sales	42,380,825	1,464,288	-	43,845,113
- inter-segment sales	70,750	4,802,509	(4,873,259)	-
				<u>43,845,113</u>
Results	8,408,770	3,016,371	(4,873,259)	6,551,882
Unallocated expenses				(3,942,970)
Profit from operating activities				2,608,912
Finance income				210,806
Finance costs				(40,288)
Taxation				(1,365,666)
Net profit for the financial year				<u>1,413,764</u>
Attributable to:				
Equity holders of the parent company				1,514,245
Minority interests				(100,481)
				<u>1,413,764</u>
Assets	14,369,884	803,324	-	15,173,208
Unallocated assets				16,630,369
Total assets				<u>31,803,577</u>
Liabilities	3,617,392	770,690	-	4,388,082
Unallocated liabilities				2,170,989
Total liabilities				<u>6,559,071</u>
Capital expenditure	2,277,353	-	-	2,277,353
Depreciation	1,437,424	-	-	1,437,424
Bad debts written off (trade)	-	34,000	-	34,000
Allowance for doubtful debts (trade)	73,593	56,000	-	129,593
Gain on disposal of fixed assets	(86,776)	-	-	(86,776)
Fixed assets written off	2,021	-	-	2,021

28. SEGMENT INFORMATION (cont'd)

2004	Restaurant operations \$	Restaurant management services \$	Eliminations \$	Group \$
Turnover				
- external sales	45,139,160	3,274,418	-	48,413,578
- inter-segment sales	-	5,972,558	(5,972,558)	-
				48,413,578
Results	12,134,394	5,308,354	(5,874,558)	11,568,190
Unallocated expenses				(5,430,721)
Profit from operating activities				6,137,469
Finance income				100,512
Finance costs				(52,602)
Taxation				(1,752,455)
Net profit for the financial year				4,432,924
Attributable to:				
Equity holders of the parent company				4,461,610
Minority interests				(28,686)
				4,432,924
Assets	15,045,186	1,625,436	-	16,670,622
Unallocated assets				18,008,071
Total assets				34,678,693
Liabilities	5,505,949	700,360	(9,502)	6,196,807
Unallocated liabilities				2,627,494
Total liabilities				8,824,301
Capital expenditure	2,838,779	-	-	2,838,779
Depreciation and amortisation	1,089,063	-	-	1,089,063
Gain on disposal of fixed assets	(162,279)	-	-	(162,279)
Provision for impairment loss of fixed assets	78,393	-	-	78,393
Fixed assets written off	532,773	-	-	532,773

Geographical segments

Turnover is based on the location of customers. Assets and additions to property, plant and equipment are based on the location of those assets.

	Turnover		Assets		Capital expenditure	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Singapore	19,650,057	20,249,006	20,069,359	22,235,441	1,463,457	2,169,331
People's Republic of China	24,195,056	28,164,572	11,734,218	12,443,252	813,896	669,448
	43,845,113	48,413,578	31,803,577	34,678,693	2,277,353	2,838,779

29. DIRECTORS' REMUNERATION

The number of directors of the Company whose emoluments fall within the following bands:

	2005	2004
\$500,000 and above	–	3
\$250,000 to \$499,999	3	–
Below \$250,000	3	3
	6	6

30. SUBSEQUENT EVENTS

In November 2005,

- (a) A subsidiary company, Thai Village Overseas Ventures Pte Ltd, entered into a joint venture agreement with Imexpan Pacific Co., Ltd, to form a subsidiary company in Vietnam on 11 November 2005. The subsidiary company, whose principal activities are those of developing and managing Thai Village Sharksfin Restaurant in Vietnam, is currently still in the process of being established;
- (b) On 10 November 2005, Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd (a subsidiary company) in the People's Republic of China, was given notice for early termination of the lease agreement of its restaurant outlet by its landlord for re-development purposes by the local government. The Group is currently negotiating with the landlord on the compensation for the early termination of the lease agreement; and
- (c) On 22 November 2005, the Company had incorporated a new subsidiary company in Singapore, Thai Village (China) Pte Ltd, with a registered share capital of 2 ordinary shares of \$1 each. This new subsidiary company, whose principal activity is that of investment holding, has not commenced operations.

31. LEASEHOLD PROPERTIES

Location	Tenure	Owned by	Description/ Usage
Singapore			
No. 19 Yung Ho Road Singapore 618592	20 years leasehold commencing 16 April 1996	Thai Village Sharksfin Restaurant Pte Ltd	Operation of restaurant
Block 1002 Tai Seng Avenue #01-2536 Singapore 534409	30 years leasehold commencing 16 April 1998	Thai Village Sharksfin Restaurant Pte Ltd	Office and warehouse

32. COMPARATIVE FIGURES

Certain prior year's comparatives figures in the Group's balance sheet and profit and loss account have been restated to conform with current year's presentation:

	Group 2004 (As restated) \$	2004 (As previously reported) \$
Balance Sheet		
Other creditors and accruals	3,189,605	3,417,000
Provision for taxation	817,821	590,426
Profit and loss account		
Other operating income	(255,080)	(92,801)
Other operating expenses	10,575,413	10,413,134

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company for the financial year ended 30 September 2005 were authorised for issue in accordance with a resolution of the directors on 22 November 2005.

Mr Lee Tong Soon is the Chairman and Managing Director of the Group and is responsible for the overall management and business development of the Group. Mr Lee is one of the founding shareholders of Thai Village Sharksfin Restaurant Pte Ltd ("TVSR") and has been the Managing Director of TVSR since its incorporation in 1995. He has been instrumental in the Group's expansion and has been shaping the development and growth of the Group's operations since 1991. Prior to founding the Group, Mr Lee was an estate officer with the Housing Development Board from 1983 to 1990. He joined McDonald's Restaurants Pte Ltd as a real estate manager from 1990 to 1991 where he was responsible for finding new locations for new McDonald's restaurants. Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.

Mr Lee Tong Kuon is an Executive Director of the Group. He is one of the founding shareholders of TVSR and has been a director since its incorporation in 1995. His primary responsibility is in kitchen operations. He oversees the setting up of the kitchen in the Group's new restaurants and personally trains new kitchen staff. Mr Lee is the master chef of the Group and is in charge of introducing new dishes to the menu. He has over 18 years of experience in Thai-Teochew style cooking. Prior to joining us in 1991, he was a chef at Klongtan Ping Sharksfin Restaurant in Thailand and Singapore from 1989 to 1991.

Mr Kok Nyong Patt is an Executive Director of the Group. He is one of the founding shareholders of the TVSR and has been a director since its inception in 1995. His areas of responsibilities include business development, business strategy and planning, human resource management and business administration. Prior to joining the Group in 1992, Mr Kok was a petroleum cargo officer with Hong Lam Shipping Pte Ltd from 1986 to 1992.

Mr Leslie Ee Kwong Meng was appointed as an Independent Director of the Group in April 2000. Mr Ee has held various financial and accounting positions with the hotel industry from 1988 to 1998. He was the Group Financial Controller for the Dynasty Hotel Pte Ltd, Plaza Hotel Ltd and the Financial Controller for Carlton Hotel. Mr Ee is currently Financial Controller of the Sentosa Leisure Group. Mr Ee graduated from the University of Singapore with a Bachelor Degree in Accountancy and is a member of the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors.

Dr John Chen Seow Phun was appointed as an Independent Director of the Company in December 2001. He was the Assistant Secretary General of the NTUC from 1991 to 1997. He also served as the Deputy Chairman and Managing Director of the NTUC Healthcare Co-op Ltd from 1992 to 1997. He is presently the Managing Director of JCL Business Development Pte Ltd and the Executive Chairman of SAC Capital Pte Ltd. Dr Chen has been a Member of Parliament since September 1988. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Prior to joining the Government in 1997, Dr Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd. Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.

Mr Chow Kok Kee was appointed as an independent director of the Company in March 2002. He is currently a Managing Director of ACTA Investment & Services Pte Ltd ("ACTA"). A Colombo Plan Scholar, Mr Chow graduated from the University of Newcastle with both a Bachelor of Commerce degree as well as a Bachelor of Engineering (First Class Honours) degree. He also holds a Masters of Business Administration degree from the National University of Singapore. Mr Chow started his career in 1976 in the government administrative service holding management positions in the Ministries of Defence and Education for 6 years. Subsequently in 1982, Mr Chow joined DBS Bank, where he worked for 15 years, gaining experience in various areas of banking including Corporate Banking, International Banking, Correspondent Banking, Finance, Tax and Settlements as well as Corporate Planning. Mr Chow last held the position of Senior Vice-President at DBS Bank. In 1997, Mr Chow assumed his current position as business and financial advisor to several companies who are clients of ACTA. Mr Chow is a member of the Institute of Engineers, Australia, an Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom and a fellow of the Singapore Institute of Directors.

profile of our executive officers

Mr Francis Tan How Teck is the General Manager of the Group. As General Manager of the Group, he is responsible for overseeing the operational functions of the Group. Prior to joining the Group in August 2000, Mr Tan held the position of an Executive Estates Officer in the Housing Development Board from 1985 to 1995 and the position of an Estate Manager in Far East Project Management Pte Ltd from 1995 to 2000. Mr Tan holds a Master of Science in Property & Maintenance Management from the National University of Singapore.

Mrs Julia Chen-Kwok Yung Chu is the Financial Controller for the Group. As the Financial Controller, Mrs Chen is responsible for the finance and management reporting functions of the Group. She has more than twelve years working experience in the accounting field. Prior to joining the Group in October 1999, she has held various accounting positions with Shell International Trading Company, Daly Smith Corporation Pty Ltd, IPL Daltron Sydney, Sembawang Industrial Manufacturing Pte Ltd, Smith New Court (Singapore) Pte Ltd and Price Waterhouse. Mrs Chen holds a Bachelor of Economics from Monash University and is a Certified Practising Accountant of CPA Australia.

Mr Kenny Chiang Kian Nee is the Regional General Manager-Business Development. He is responsible for the business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining in the Group in December 1999, Mr Chiang was a real estate manager with MLS Pro-Link Pte Ltd from 1995 to 1999. Mr Chiang also worked as a cargo officer with Hong Lam Bunkers Pte Ltd from 1992 to 1995 and as a chef with Hilton Hotel International Singapore from 1990 to 1992.

Mr Maxtein Oh Kok Thai is the Regional General Manager-Operation. He is responsible for restaurant operations of all the Group's subsidiaries in the PRC. Prior to joining the Group in August 1997, Mr Oh was a F&B outlets' operations manager with Conrad International Centennial Singapore. Mr Oh also held the position of a manager in various restaurants in Singapore including, Pondok Gurame Restaurant, Jumbo Garden Restaurant and Yunnan Garden Restaurant.

Thai Village Holdings Ltd (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the "**Shareholders**"). This Report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance (the "**Code**"). For ease of reference, the relevant provisions of the Code under discussion are in italics.

1. BOARD OF DIRECTORS (THE "**BOARD**")

1.1 The Board's conduct of its affairs

The Board comprises six directors, three of whom are executive directors and three of whom are independent and non-executive directors. The executive directors are Messrs. Lee Tong Soon, Lee Tong Kuon and Kok Nyong Patt. The independent and non-executive directors are Dr John Chen Seow Phun, Leslie Ee Kwong Meng and Chow Kok Kee.

The Board's principal functions include, among others, supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.

Matters which are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets and major undertakings (other than in the ordinary course of business).

Certain functions have been delegated to various board committees, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**").

In FY2005, the Board conducted two regular scheduled meetings. The Company's Articles of Association (the "**Articles**") allow Board meetings to be conducted by way of tele-conferencing, provided that the requisite quorum of at least two directors is present.

The number of Board and AC meetings held in FY2005 and the attendance of each Board member at those meetings are as follows:

	Board		Audit Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lee Tong Soon	2	2	2	2
Lee Tong Kuon	2	2	2	–
Kok Nyong Patt	2	2	2	–
Chen Seow Phun, John	2	2	2	2
Leslie Ee Kwong Meng	2	2	2	2
Chow Kok Kee	2	2	2	2

New directors, upon appointment, are briefed on the business and organisation structure of the Company. There are update sessions to inform the directors on new legislation and/or regulations which are relevant to the Group.

1.2 Role of the Chairman and Chief Executive Officer ("**CEO**")

Mr Lee Tong Soon ("**Mr Lee**") is currently the chairman of the Board (the "**Chairman**") and the managing director of the Company (the "**Managing Director**").

The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the Managing Director. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group by members of the Board, taking into account factors such as the number of non-executive and independent directors on the Board, as well as the size and scope of the affairs and operations of the Group.

1. BOARD OF DIRECTORS (THE "**BOARD**") (cont'd)

1.2 Role of the Chairman and Chief Executive Officer ("**CEO**") (cont'd)

As the Chairman, Mr Lee is responsible for, among others, exercising control over quality, quantity and timeliness of the flow of information between the management of the Company (the "**Management**") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

1.3 Access to information

For FY2005, Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

The Board (whether individually and as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expense.

In FY2005, the company secretary attended two AC meetings and two Board meetings. The company secretary assists the Board to ensure that the Board procedures and the rules and regulations relating thereto are complied with.

2. NOMINATING COMMITTEE ("**NC**")

2.1 Board Membership

The NC was set up on 30 September 2002. The NC comprises three directors, all of whom (including the chairman of the NC) are independent and non-executive. The chairman of the NC is Mr Leslie Ee Kwong Meng. The NC has adopted specific written terms of reference.

According to the terms of reference of the NC, the members of the NC are responsible for, among others, the appointment and re-nomination of directors having regard to their independence, qualifications, performance and contributions. The NC also ensures that the Board as a whole, possesses the core competencies required by the Code. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new directors. On 15 November 2005, the NC met to discuss these matters.

The NC adopted the Code's definition on what constitutes an independent director under guidance note 2.1 (a) to (d) of the Code.

For FY2005, the NC is of the view that:

- (a) all three non-executive directors of the Company are independent (as defined in the Code) and able to exercise objective judgement on corporate affairs of the Group independently from Management;
- (b) there is no individual or small group of individuals on the Board who dominate the Board's decision making process;
- (c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations of the Group; and
- (d) the current size of the Board is adequate for the purposes of the Group.

The Code recommends that all directors should be required to submit themselves for re-nomination and re-election at regular intervals. In this regard, the Articles provide as follows:-

Article 107 provides that one-third of the directors for the time being (other than the Managing Director), or if the number is not three or a multiple of three, the number nearest one-third, shall retire from office, provided always that all directors (other than the Managing Director) shall retire from office at least once every three years.

Article 109 provides that a retiring director shall be eligible for re-election at the meeting at which he retires.

Article 117 provides that any director appointed during the financial year, shall hold such office until the next annual general meeting of the Company and shall be eligible for re-election at such annual general meeting.

2. NOMINATING COMMITTEE ("NC") (cont'd)

2.2 Board Performance

As stated above, one of the terms of reference of the NC is to review and evaluate the performance of each director and the Board as a whole for each financial year.

The review parameters for evaluating each director include, among others, the following:

- (a) attendance at board/committee meetings;
- (b) participation at meetings;
- (c) involvement in management; and
- (d) availability for consultation and advice, when required.

The Board is of the view that the performance of the Company's share price alone does not necessarily give a good indication of the performance of the Company and hence the performance of the Board as a whole. Instead, the Board has identified the Group's turnover and profit before tax to be better performance criteria to assess the performance of the Board.

Presently, none of the executive directors of the Company hold any directorships in companies, which are not within the Group. Although the independent non-executive directors hold board representations in companies which are not within the Group, the Board is of the view that such multiple board representations of the independent non-executive directors do not hinder their ability to carry out their duties as directors of the Company. Further, the Board is also of the view that such multiple board representations of the independent non-executive directors benefit the Group, as the independent non-executive directors are able to bring with them the experience and knowledge obtained from such board representations in other companies.

Key information regarding the directors of the Company are as follows:

Name of Director	Lee Tong Soon
Shareholding in the Company (as at 2.12.2005)	23,382,226 Shares (as set out on page 58 of the AR)
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	Not Applicable. Mr Lee Tong Soon is the Managing Director of the Company since incorporation. As such, he is not subject to re-election according to Article 107 as set out above.
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None

Name of Director	Lee Tong Kuon
Shareholding in the Company (as at 2.12.2005)	22,252,725 (as set out on page 58 of the AR)
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	16 February 2004
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None

2. NOMINATING COMMITTEE ("NC") (cont'd)

2.2 Board Performance (cont'd)

Name of Director	Kok Nyong Patt
Shareholding in the Company (as at 2.12. 2005)	22,815,225 Shares (as set out on page 58 of the AR)
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	16 February 2004
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None

Name of Director	Dr John Chen Seow Phun
Shareholding in the Company (as at 2.12.2005)	Dr John Chen Seow Phun, is deemed interested in 62,500 Shares held by his spouse.
Board Committees Served	Audit Committee (Chairman) Nomination Committee (Member) Remuneration Committee (Member)
Date of first appointment as director	13 December 2001
Date of last re-election as director	20 January 2005
Present Directorships in other listed companies	Hiap Seng Engineering Ltd OKP Holdings Ltd Hongguo International Holdings Limited PSC Corporation Ltd Maltex International Limited SNF Corporation Ltd Tat Seng Packaging Group Ltd
Past Directorships in other listed companies (within the last 3 years)	Intraco Ltd

Name of Director	Leslie Ee Kwong Meng
Shareholding in the Company (as at 2.12.2005)	200,000 Shares
Board Committees Served	Nomination Committee (Chairman) Audit Committee (Member) Remuneration Committee (Member)
Date of first appointment as director	6 April 2000
Date of last re-election as director	20 January 2005
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	Penton International Ltd

2. NOMINATING COMMITTEE ("NC") (cont'd)

2.2 Board Performance (cont'd)

Name of Director	Chow Kok Kee
Shareholding in the Company (as at 2.12.2005)	Nil
Board Committees Served	Remuneration Committee (Chairman) Audit Committee (Member) Nomination Committee (Member)
Date of first appointment as director	18 March 2002
Date of last re-election as director	26 February 2003
Present Directorships in other listed companies	Chosen Holdings Ltd Innovalues Precision Ltd Meiban Group Ltd Sing Lun Holdings Ltd Singapore Food Industries Ltd Tuan Sing Holdings Ltd ChinaCast Communication Hldgs Ltd HLN Technologies Ltd
Past Directorships in other listed companies (within the last 3 years)	Singapore Petroleum Company Limited TMC International Holdings Ltd NM Holdings Ltd PCA Technology Ltd

3. AUDIT COMMITTEE ("AC")

3.1 Audit Committee

The AC comprises three members, all of whom (including the chairman of the AC) are independent and non-executive directors. The chairman of the AC is Dr John Chen Seow Phun. The AC has adopted written terms of reference. According to the written terms of reference, the AC has the authority to undertake such reviews and projects as it may consider appropriate. The AC has full access and co-operation of the Management. The AC may invite any director or executive officer to attend its meetings and has reasonable resources to enable it to perform its functions.

Dr John Chen Seow Phun, is a Member of Parliament and a businessman. The other members of the AC are Mr Leslie Ee Kwong Meng, who is by profession a certified public accountant and Mr Chow Kok Kee, who is the managing director of a financial services company. As the members of the AC have many years of experience in accounting and finance related industries, the Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

In FY2005, the AC met twice. Details of the members' attendance at AC meetings in FY2005 are provided in Section 1.1 of this Report.

3. AUDIT COMMITTEE ("AC") (cont'd)

3.1 Audit Committee (cont'd)

The AC performed the following functions in FY2005:

(a) External Auditors

The Company's external auditors, Ernst & Young, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal controls, including financial, operational and compliance controls, risks management and interested person transactions (as defined in the Listing Manual) on an annual basis. Any material non-compliance, internal control weaknesses and interested person transactions are reported by the external auditors to the AC on a half-yearly basis.

For FY2005, the AC reviewed together with the external auditors:

- (i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);
- (ii) their evaluation of the system of internal controls (including, among others, financial, operational and compliance controls);
- (iii) their audit report;
- (iv) the assistance given to them by the Company's officers;
- (v) the consolidated balance-sheet and profit and loss account of the Company; and
- (vi) the interested person transactions of the Group.

The external auditors did not provide any non-audit services to the Group in FY2005.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

The AC is of the view that although it has the prerogative to meet up with the external auditors without the presence of Management, it was not necessary to do so in FY2005, as the AC is satisfied with the external auditors' independence and objectivity.

(b) Review of financial statements

For FY2005, the AC reviewed the half-yearly and full year financial statements of the Company and the Group, including announcements relating thereto, to Shareholders and the SGX-ST.

(c) Review of interested person transactions

The AC has reviewed interested person transactions of the Group for FY2005 and reported its findings to the Board. Please refer to page 41 of the annual report for further details on the interested person transactions of the Group for FY2005.

3.2 Internal Controls

Based on its review of internal controls, the AC is of the view that there are adequate internal controls in the Group.

3.3 Internal Audit

In FY2005, the Company's Internal Auditor, Nexia TS Pte Ltd ("**Nexia**"), an external consultant, had conducted an internal audit for the Company. The Internal Audit Report had been presented and discussed during the AC meeting. Nexia meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

4. REMUNERATION COMMITTEE ("**RC**")

4.1 Procedures for Developing Remuneration Policies

- The RC was set up on 30 September 2002. The RC comprises three members, all of whom (including the chairman of the RC) are independent and non-executive directors. The chairman of the RC is Mr Chow Kok Kee ("**Mr Chow**"). The RC has adopted written terms of reference.

The chairman of the RC, Mr Chow, has human resource experience and is knowledgeable in the field of executive compensation.

According to the terms of reference of the RC, the functions of the RC include, among others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the executive directors (in the form of service agreements) and at least the top five executives (in terms of aggregate remuneration and not being directors) are formulated and approved. On 15 November 2005, the RC met to discuss and approve the following:

- Directors remuneration package
- Related employees remuneration

No director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

4.2 Level and Mix of Remuneration

According to the respective service agreements of the executive directors:

- (a) the term of service is for a period of two years commencing 1 April 2005 and is subject to review thereafter;
- (b) the remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the executive directors' interests with that of the Shareholders; and
- (c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive director.

The independent and non-executive directors do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the Shareholders at every annual general meeting ("**AGM**"), the independent and non-executive directors do not receive any remuneration from the Company.

The Company currently does not have any employee share option schemes.

4. REMUNERATION COMMITTEE ("RC")(cont'd)

4.3 Disclosure on Remuneration

A breakdown of the level and mix of remuneration paid to each director in remuneration bands of S\$250,000 for FY2005 are as follows:

Name	Below S\$250,000		Between S\$250,000 and S\$499,999		Between S\$500,000 and S\$750,000	
		%		%		%
Lee Tong Soon	Salary	–	Salary	68	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	19	Other benefits	–
Lee Tong Kuon	Salary	–	Salary	68	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	19	Other benefits	–
Kok Nyong Patt	Salary	–	Salary	68	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	19	Other benefits	–
Dr John Chen Seow Phun	Salary	–	Salary	–	Salary	–
	Fees*	100	Fees*	–	Fees*	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Leslie Ee Kwong Meng	Salary	–	Salary	–	Salary	–
	Fees*	100	Fees*	–	Fees*	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Chow Kok Kee	Salary	–	Salary	–	Salary	–
	Fees*	100	Fees*	–	Fees*	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–

* Fees are subject to the approval of the Shareholders at the AGM for FY2005.

4. REMUNERATION COMMITTEE ("RC") (cont'd)

4.3 Disclosure on Remuneration (cont'd)

For FY2005, the remuneration paid to each of the top five key executives (in terms of salary and who are not directors of the Company) was less than S\$250,000. A breakdown of the level and mix of remuneration of these top five key executives is as follows:

Name	Breakdown	%
Francis Tan How Teck	Salary	85
	Bonus	7
	Other benefits	8
Hau Ee Boon	Salary	85
	Bonus	11
	Other benefits	5
Maxtein Oh Kok Thai	Salary	89
	Bonus	11
	Other benefits	–
Kenny Chiang Kian Ngee	Salary	90
	Bonus	10
	Other benefits	–
Julia Chen-Kwok Yung Chu	Salary	79
	Bonus	13
	Other benefits	7

Although there are employees of the Company who are related to certain of the executive directors of the Company, none of their remuneration exceeds S\$150,000 for FY2005.

The Board has not included an annual remuneration report in its annual report for FY2005 (as suggested by guidance note 9.1 of the Code) as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company.

5. COMMUNICATIONS WITH THE SHAREHOLDERS

5.1 Accountability

The financial results of the Company will be published via SGXNET on a half yearly basis. The Company may also, on an ad hoc basis, hold media and analysts briefings and publish press releases of its financial results.

5.2 Communications with Shareholders

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST.

All Shareholders receive the annual report and the notice of AGM (the "Notice of AGM"). The Notice of AGM is advertised in the newspapers and published via SGXNET.

5.3 Greater Shareholder Participation

The Board welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. At AGMs, Shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.

6. DEALINGS IN SECURITIES

The Company has adopted the SGX-ST Best Practices Guide applicable in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing one month before the announcement of the Company's financial results and ending on the date of the announcement of such financial results.

Lee Tong Soon

Chairman and Managing Director

statistics of shareholdings

(as at 2 December 2005)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	30	1.41	11,954	0.01
1,000 - 10,000	783	36.80	2,775,595	1.32
10,001 - 1,000,000	1,303	61.23	75,006,975	35.75
1,000,001 and above	12	0.56	132,026,176	62.92
Total	2,128	100.00	209,820,700	100.00

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1 Tee Yih Jia Food Manufacturing Pte Ltd	48,858,500	23.29
2 Lee Tong Soon	23,382,226	11.14
3 Kok Nyong Patt	22,815,225	10.87
4 Lee Tong Kuon	22,252,725	10.61
5 Chip Lian Investments Pte Ltd	4,026,000	1.92
6 Seah Kee Khoo	2,000,000	0.95
7 Siow Kon Sang Nee Lily Seet	1,980,000	0.94
8 UOB Kay Hian Pte Ltd	1,863,500	0.89
9 United Overseas Bank Nominees Pte Ltd	1,494,500	0.71
10 DBS Nominees Pte Ltd	1,238,250	0.59
11 OCBC Securities Private Ltd	1,104,250	0.53
12 Tan Seng Hock	1,011,000	0.48
13 Tan Kok Oon	1,000,000	0.48
14 Merrill Lynch (Singapore) Pte Ltd	946,250	0.45
15 Ow Chio Kiat	911,000	0.43
16 Yeo Seng Buck	838,000	0.40
17 Thian Yim Pheng	825,000	0.39
18 DBS Vickers Securities (Singapore) Pte Ltd	788,000	0.38
19 Yeo Cheow Tong	750,000	0.36
20 Goh Tiong Yong	745,725	0.36
Total	138,830,151	66.17

SHAREHOLDINGS INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 02 DECEMBER 2005

Name	No. of Shares in which the Substantial Shareholder has a direct interest	No. of Shares in which the Substantial Shareholder is deemed to have an interest	No. of Shares Total Interest
Lee Tong Soon ⁽¹⁾	23,382,226	–	23,382,226
Lee Tong Kuon ⁽¹⁾	22,252,725	–	22,252,725
Kok Nyong Patt	22,815,225	–	22,815,225
Tee Yih Jia Food Manufacturing Pte Ltd	48,858,500	–	48,858,500

Note:

⁽¹⁾ Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers.

RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

As at 02 December 2005, 43.97% of the issued share capital of the Company was held in the hands of public as defined in the SGX-ST Listing Manual. The Company confirms that Rule 723 of the Listing Manual is complied with.

additional information

PROPERTIES OWNED BY THE GROUP AS AT 30 SEPTEMBER 2005

Location	Land Area Square Feet	Description	Tenure
Block 1002 Tai Seng Avenue #01-2536 Singapore 534409	3,111	A single-storey JTC intermediate terrace food workshop with mezzanine office	30 years from 16 April 1998
19 Yung Ho Road Singapore 618592	16,214	A single-storey restaurant building	30 years from 16 April 1986

Other than the above, all other premises occupied by the Group are on lease terms.

notice of annual general meeting

THAI VILLAGE HOLDINGS LTD

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Thai Village Holdings Ltd will be held at Blk 1202, East Coast Parkway #01-03 East Coast Seafood Centre Singapore 449881 on Thursday 12 January 2006 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive, and if approved, to adopt the Audited Accounts for the financial year ended 30 September 2005 together with the Directors' Report and Auditors' Report thereon **Resolution 1**
2. To approve the payment of final dividend of S\$0.008 per share (tax exempt) for the financial year ended 30 September 2005 as recommended by the Directors **Resolution 2**
3. To approve Directors' fees of S\$200,000 for the financial year ended 30 September 2005 (FY 2004: S\$ 260,000) **Resolution 3**
4. To re-elect Mr Chow Kok Kee who is retiring under Article 107 of the Articles of Association **Resolution 4**
5. To re-elect Mr Lee Tong Kuon who is retiring under Article 107 of the Articles of Association **Resolution 5**
6. To re-appoint Messrs Ernst & Young, Certified Public Accountants as auditors of the Company and to authorise the Directors to fix their remuneration **Resolution 6**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

7. IT WAS RESOLVED THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Chapter 50 to allot and issue shares and convertible securities of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the purposes of this resolution, the percentage of issued share capital shall be based on the Company's issued share capital at the time of the passing of this resolution after adjusting for: -
 - (a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options outstanding or subsisting at the time of the passing of this resolution; and
 - (b) any subsequent consolidation or subdivision of shares **Resolution 7**
8. IT WAS RESOLVED THAT:
 - (a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of \$0.05 each ("**Shares**") fully paid in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

notice of annual general meeting (cont'd)

- (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
 - (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, Chapter 50.

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate in paragraph (a) of this resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held; or
 - (ii) the date by which the next Annual General Meeting of the Company is required by law or by the articles of association of the Company to be held;

- (c) in this resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105 per cent. (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120 per cent. (120%) of the Highest Last Dealt Price;

where:

"**Average Closing Price**" is the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

- (d) the Directors of the Company or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he/she may consider expedient or necessary to give effect to the transactions contemplated by this resolution. **Resolution 8**

notice of annual general meeting (cont'd)

AS OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and the Register of Members of the Company will be closed on 03 February 2006 for the purpose of preparing dividend warrants. Duly completed registrable transfers received by the Company's Registrar, Lim Associates (Pte) Ltd, at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, up to 5.00 p.m. on 2 February 2006 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved at the Annual General Meeting, will be paid on 17 February 2006.

BY ORDER OF THE BOARD

Susan Kong Yim Pui
Company Secretary

28 December 2005
SINGAPORE

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's registered office at Blk 1002 Tai Seng Avenue #01-2536, Singapore 534409 at least 48 hours before the time of the Meeting.

(ii) If re-elected, Mr Chow Kok Kee will continue as the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee and is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(iii) Resolution 7, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue shares in the Company up to a maximum of fifty (50) percent of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

(iv) Resolution 8, if passed, will authorise the Company to adopt the Share Buyback Mandate and empower the Directors of the Company to exercise all power of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

proxy form

THAI VILLAGE HOLDINGS LTD
(Incorporated in the Republic of Singapore)

I/We _____

of _____

being a member/members of the above-mentioned Company, hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Blk 1202, East Coast Parkway #01-03 East Coast Seafood Centre Singapore 449881 on Thursday 12 January 2006 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against the resolutions to be proposed at the Meeting as hereunder indicated.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Accounts, Directors' Report and Auditors' Report		
2.	To declare a final dividend of S\$0.008 per share (tax exempt)		
3.	To approve the payment of Directors' Fees		
4.	To re-elect Mr Chow Kok Kee as a Director under Article 107		
5.	To re-elect Mr Lee Tong Kuon as a Director under Article 107		
6.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
7.	To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Chapter 50		
8.	To adopt the Share Buyback Mandate and to authorise the Directors to exercise all power of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate		

Dated this _____ day of _____ 2006.

No. of Shares Held

Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

THAI VILLAGE HOLDINGS LTD

Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.
3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at Blk 1002 Tai Seng Avenue #01-2536, Singapore 534409 at least 48 hours before the time appointed for the Annual General Meeting.

AFFIX
STAMP
HERE

THE COMPANY SECRETARY
THAI VILLAGE HOLDINGS LTD
BLK 1002 TAI SENG AVENUE #01-2536
SINGAPORE 534409

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
7. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Block 1002 Tai Seng Avenue
#01-2536, Singapore 534409
Tel : (65) 6487 6182
Fax : (65) 6487 6183

Company Reg No.: 199905141N

Email : general@thavillageholding.com
Website : www.thavillageholding.com