THAI VILLAGE

HOLDINGS LTD ANNUAL REPORT 2006

The Best Place For Authentic Thai-Teochew Cuisine

Cover Story

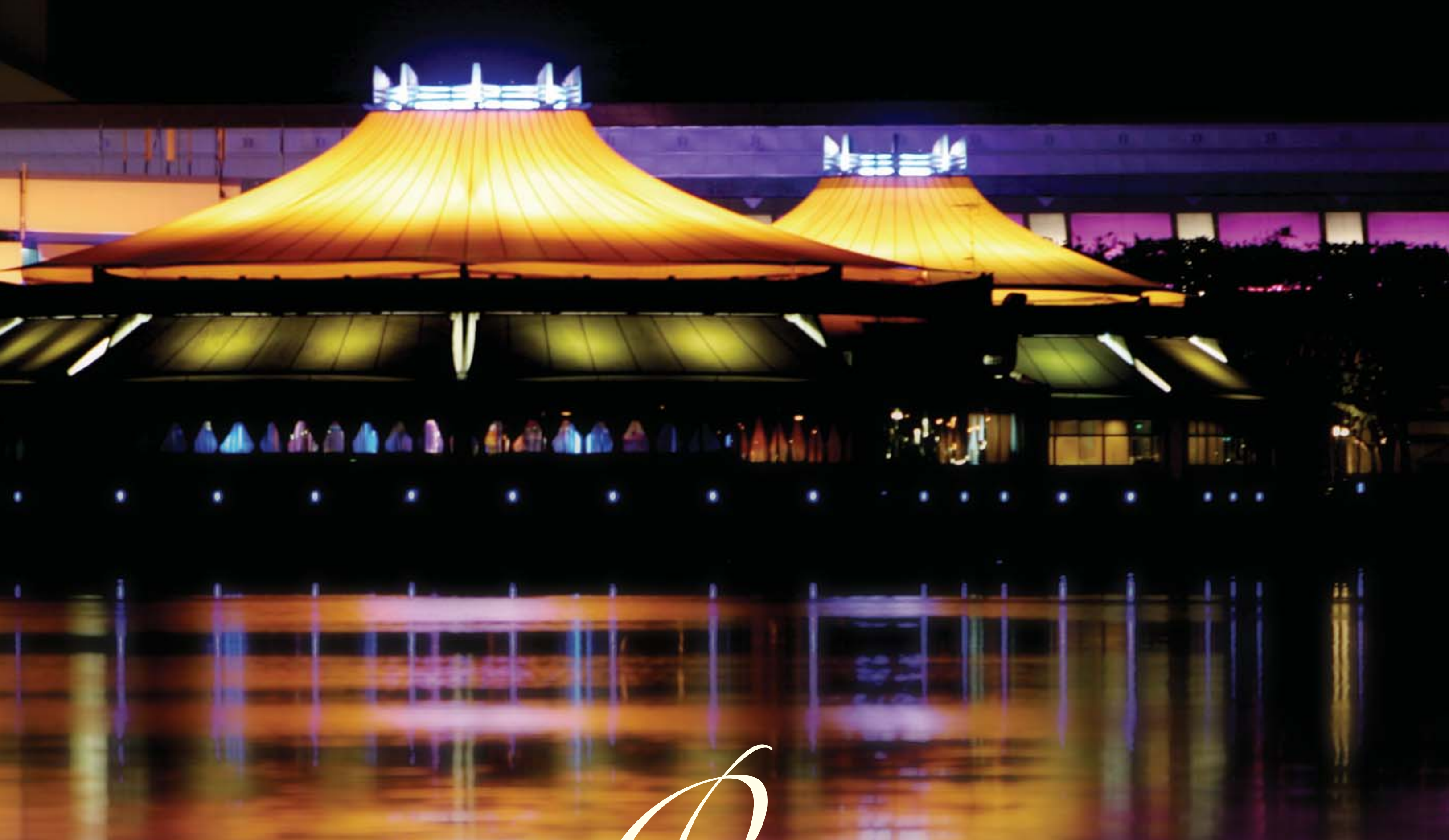
Village To Village

+

Special Map Guide To Thai Village Outlets

Company Reg No.: 199905141N

Plus: CORPORATE PROFILE // CHAIRMAN'S STATEMENT // OPERATIONS REVIEW // BOARD OF DIRECTORS // CORPORATE STRUCTURE // CORPORATE INFORMATION // FINANCIAL REPORT



CORPORATE PROFILE

Thai Village Holdings Ltd consists of a chain of 10 self-managed restaurants and 17 franchise restaurants.

Since our inception in 1991 with our flagship Thai Village Sharksfin Restaurant, we have grown steadily to expand throughout the region. Our signature Braised Superior Sharks' Fin soup can now be found in Thai Village restaurants throughout Singapore, the People's Republic of China and Indonesia.

Guided by sound judgment, we continue to conquer new grounds with our winning strategy of offering our customers only the choicest quality ingredients, superior Thai-Teochew cuisine and impeccable service.

泰国村控股有限公司
THAI VILLAGE
Holdings Ltd

Thai Village Holdings Ltd
Blk 1002 Tai Seng Avenue, #01-2536, Singapore 534409
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Email: general@thaivillagerestaurant.com.sg Website: www.thaivillagerestaurant.com.sg

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Board of Directors
Mr Lee Tong Soon
Chairman & Managing Director

Mr Lee Tong Kuon
Executive Director

Mr Kok Nyong Patt
Executive 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
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Website: www.thaivillagerestaurant.com.sg

Share Registrar
Lim Associates (Pte) Ltd
3 Church Street #08-01, Samsung Hub
Singapore 049483

Auditors
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
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

VILLAGE TO VILLAGE

A BRIEF HISTORY OF THAI VILLAGE

For many Singaporeans, the first taste of authentic Thai-Teochew cuisine came from a kitchen in the eastern part of Singapore. What started as a tiny restaurant on East Coast Road in 1991, has grown into a chain of restaurants in Singapore, Indonesia and China. Here, we explore the history of the first chinese restaurant business to be listed on the Singapore Exchange.

When the first Thai Village Sharksfin Restaurant opened in 1991, Thai-Teochew cuisine was novel to Singapore and the idea of having whole, braised sharks' fin in large claypots was completely unheard of.

Blending exotic Thai-Teochew dishes served in stunning presentation with dazzling service and an enjoyable, upscale atmosphere may have been a radical idea, but it was the recipe for success at Thai Village.

From its first outlet at East Coast Road with a seating capacity of 70 persons only, Thai Village has grown into a chain of 10 restaurants in Singapore and China, and 17 franchise outlets in Indonesia and China.

This incredible success story really had its roots in Pulau Tekong, where Lee Tong Soon, Chairman and Managing Director of Thai Village Holdings Ltd, spent his growing-up years. During that time, Lee Tong Soon's parents toiled hard to raise him and six siblings.

Though life was austere for the young Lee Tong Soon, he did have joys. One of his greatest delights was tucking into the food that different households would prepare to share with the rest of the kampung (Malay for 'village'). He loved to see the families interacting with one another, enjoying good food and having a wonderful time.

This would influence Lee Tong Soon heavily, as it is this very experience – one comprising great food, ambience and hospitality - that defines the Thai Village experience. And it was those memorable days he had spent in the village that gave Lee Tong Soon the inspiration for the company's name.

Lee Tong Soon wasn't always a restaurateur, although he had a stint at McDonald's. Even then, he was a real estate manager charged with scouting for locations in the heartlands of Singapore for the fast food chain. Prior to working at McDonald's, Lee Tong Soon was an estate officer with the Housing and Development Board and a property consultant with Jones Lang Wotton (now Jones Lang LaSalle).

The entrepreneurial bug bit him in 1991, the year his elder brother, Lee Tong Kuon, Executive Director of Thai Village Holdings Ltd, returned to Singapore after learning Thai-Teochew cooking techniques in the Land of Smiles. The two brothers roped in three other friends, and pooled S$250,000 together to set up the maiden Thai Village Sharksfin Restaurant.

Although he had no prior experience in running a restaurant, Lee Tong Soon was well aware of the public's attraction to something "different". This little Thai Village Sharksfin Restaurant soon became known for serving authentic Thai-Teochew cuisine and braised shark's fins in large claypots.

"Our company has a wonderful culture. We serve consistent, good food – that's part of it. It's a comfortable place to appreciate authentic Thai-Teochew cuisine. And we truly mean it when we say our people are our best asset. At Thai Village the recipe for success is simple – take great care of your employees and they'll take great care of your customers. In fact, five of the staff whom we started the business with are still with us today. It's a company with good core values that's run by people who care – we're not just another restaurant chain."

Lee Tong Soon on the key to the success of the Thai Village concept.

With a staff strength of only 15 (including the five partners), Lee Tong Soon would have to wash many of those claypots himself, on top of cleaning the washroom, helping out in the kitchen and serving guests.

Having gotten his hands dirty, Lee Tong Soon understood the restaurant business from the ground up – the importance of absolute cleanliness in the kitchen, using the freshest ingredients and the very best cooking tools money could buy.

The elder brother, Lee Tong Kuon also grasped the important lesson of offering guests something out of the ordinary and he displayed his innovations in the kitchen, cooking up signature dishes such as baked crabs with vermicelli and deep fried fish with egg yolk butter sauce, which remain popular today. There was something magical about this combination and the business grew quickly.

By 1997, from that humble beginning at East Coast Road, Thai Village had grown into a chain of four restaurants in Singapore. The year also saw the opening of the first Thai Village franchise in Surabaya, Indonesia. The expansion brought Thai Village to China in 1998, when it opened its first branch in the Middle Kingdom in Shanghai. Three years on, Thai Village Holdings Ltd was listed on the Singapore Exchange, marking a grand milestone in the history of Thai Village Holdings Ltd.

"Gaining market share is paramount to our growth strategy. To achieve that, we will concentrate on creating unmatched food, service quality and ambience."

CONSOLIDATING STRENGTHS, PURSUING GROWTH

Dear Shareholders,

FY 2006 was one of the most challenging years in the Group's 15-year history. Ever tougher competition, oil prices that spiralled upwards and regulatory measures made business difficult for the Group.

Conditions were particularly tough in the People's Republic of China ("PRC"), where we were hit hard by extreme competition and the controls on spending the central government retained to curb overheating of the country's economy.

The Group has taken decisive action to close the under-performing outlets in the PRC and Singapore. This has resulted in a decrease in revenue by 9% as compared to FY 2005 and a net loss of S$1.9m for FY 2006. However, the Group continued to generate positive cash flow from operations.

Embracing change

In FY 2006, the Group focused our energy to address the situation facing the Group. Specifically, the Board and the management team engaged in numerous critical discussions and conducted a painstaking and very honest evaluation of the general health and outlook of the Group.

There was unanimous agreement within the Board: The time had come for radical changes and a realignment of the Group.

As we have always done, the Group made prudent consolidations to our restaurant portfolio in FY 2006 – closing underperforming outlets, both in Singapore and the PRC. We will continue to evaluate our operations on a regional scale, and take appropriate action to reduce costs and maximise return on assets.

Gaining market share is paramount to our growth strategy. To achieve that, we will concentrate on creating unmatched ambience, food and service quality. These will create a competitive advantage for Thai Village and deliver an optimal experience for the people who patronise our restaurants.
We have already begun this process. Here are just some examples:

- The Group has initiated an internal culinary competition in June and October 2006 amongst the chefs in our outlets in Singapore to spur menu innovation and culinary excellence.

- Thai Village participated in the pilot Mystery Diner Programme launched in February 2006 by the Restaurant Association of Singapore and SPRING Singapore. After evaluating the audit results, we introduced appropriate training interventions to enhance our service delivery.

- We are also introducing theme concepts for our outlets in Singapore to cater to specific customer segments. For instance, we are leveraging the location of our Goodwood Park outlet to tap into the corporate dining market, offering meeting rooms where corporate diners can conduct lunch meetings in a discreet setting.

- To encourage repeat business, we introduced the Royal Card in FY 2006. This loyalty programme offers members discounts, updates on exclusive deals via e-mail and the opportunity to earn and redeem points at our restaurants.

- We have also enhanced our customers' service experience by offering them the convenience of making reservations online at our website.

Through these initiatives, we are now offering an even greater value proposition for our customers. We are excited about both new and repeat customers we are seeing in our restaurants, and encouraged by the results we have seen so far.

Moving Ahead

Our goals for FY 2007 are focused on leveraging our strengths, and seeking new opportunities. We will continue to leverage our fundamental strengths. This includes our reputation as a restaurant chain serving quality authentic Thai-Teochew cuisine, our portfolio of restaurants in the region, our healthy financial position, our five-star hospitality and our industry knowledge.

Through a wide range of marketing, we will continue to strengthen our brand – advancing our position as the preferred dining destination throughout the markets in which we operate. We will continue to assess and refine our network of restaurants, and seek prudent additions that enhance our revenue and market share.

As always, we will seek additional growth opportunities – exploring the feasibility of entry into new markets like Japan, Vietnam and Dubai, while maximising the profitability of our existing restaurants.

Underscoring everything we do, we will continue our commitment to enhancing shareholder value. We will improve revenue and earnings through continued emphasis on growing our business, building on our strengths, improving the performance of our outlets throughout the region.

Through 15 years of industry evolution, Thai Village has survived – and thrived. We have no intentions of stopping now. I would like to thank our shareholders, Board of Directors and everyone on the Thai Village team for your continued hard work and dedication. Together, we will face change, navigate challenge and look forward to new opportunities.

LEE TONG SOON
Chairman and Managing Director

“争取更大的市场占有率对我们的增长策略至关重要。我们将致力于提供无以伦比的美食、服务品质和氛围，从而达致增长目标。”

巩固优势，力求增长

亲爱的股东，

2006财政年度可说是本集团成立15年以来其中一个最具挑战性的年头。市场的激烈竞争，油价持续上涨，以及调控措施为集团的营运增加了难度。

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。

集团采取了果断的措施，关闭业绩不佳的中国和新加坡分店。这项决定导致我们的盈利比2005财政年度减少了9%，并在2006财政年度蒙受了190万新元的净亏损。不过，集团仍然继续从业务的营运中获得可观的资金流动。

准备就绪作出改变

我们于2006财政年度致力于解决集团所面对的问题。董事部和管理团队特别进行了多轮深入的商讨，并对集团的整体发展和展望作了审慎和务实的评估。董事部最终一致达成了共识：现在正是集团作出重大改变和重组工作的时候了。

一如既往，集团在2006财政年度实行了审慎明智的营运策略——关闭业绩不理想的新加坡和中国分店，进一步巩固了我们的餐馆业务。我们将继续评估区域的业务规模，并采取适当的措施，以降低成本及增加资产效益。

争取更大的市场占有率对我们的增长策略至关重要。我们将致力于提供无以伦比的美食、服务品质和氛围，从而达致增长目标。通过这些努力，我们将能为泰国村建立竞争优势，并为前来用餐的顾客提供顶级的美食经验。我们已经展开了相关的计划。以下为一些实例：

- 集团于2006年9月为新加坡餐馆的厨师举办了内部厨艺比赛，鼓励他们在菜肴制作方面展现创意，并提升烹饪水平。
- 泰国村参与了新加坡餐馆协会和新加坡生产力与创新局于2006年2月首次推展的神秘顾客计划。在对评估结果作出检讨后，我们实行了相应的培训计划，从而提升服务素质。
- 我们也为新加坡的分店推出主题式概念，以满足特定顾客的需求。例如，我们致力于发挥良木园分店的地理优势，开拓企业客户市场，为他们提供举办午餐会议的理想场所。
- 为了鼓励顾客重复消费，我们也在2006财政年度推出了贵宾卡。在这项忠诚计划下，我们将为会员提供折扣优待、通过电邮通报最新的独家优惠，以及让顾客在我们的餐馆获取奖励积分。
- 我们也通过让顾客上网预订座位的做法，为顾客提供更完善优质的服务。

通过这些革新计划，我们将能为顾客提供更物超所值的服务。无论是新顾客或多次上门的老顾客，都让我们精神为之一振，而对于目前的业绩表现，我们也感到非常鼓舞。

展望未来

踏入2007财政年度，集团将致力于提升我们的竞争力，并寻求全新的商机。我们将继续发挥原有的竞争优势。这包括我们作为正宗泰国潮州菜肴连锁餐馆业者的优良名声、本区域的餐馆业务、健全财务状况、五星级优质服务和专业知识。

通过全面广泛的行销策略，我们将继续加强我们的品牌塑造——成为顾客用餐消费的市场首选。我们也将继续评估和重新定位我们的餐馆网络，并作出明智的投资，从而提升我们的收入和市场占有率。

和往常一样，我们将继续寻求额外的增长机会——在增加现有餐馆收益的同时，探讨进军新市场如日本、越南和杜拜的可能性。

无论如何，我们将继续致力于提升股东价值。通过不断扩展我们在本区域的业务、建立更大的竞争优势，以及改善各个分店的业绩表现，增加收入和盈利。

经过了15年的改革与变迁，泰国村克服了一道又一道的难关，并取得了长足的业务增长。我们不会就此松懈下来。我谨此向我们的股东、董事部及泰国村的全体员工的努力和热诚致以万二分的谢意。让我们携手迈进，克服挑战，并迎接全新的商机。

吕同顺
主席及董事经理

STAR TREATMENT

Enjoy stellar service when you dine at Thai Village. At the end of the meal, you'll feel on top of the world. The secret: an embedded character in our staff – a caring, gracious family of service professionals sharing warmth, genuineness and heart. At Thai Village, we strive to deliver the best dining experience to guests, every time.

泰国村控股有限公司
THAI VILLAGE
Holdings Ltd

Thai Village…where authentic Thai-Teochew cuisine resides

MR CHOW KOK KEE
Independent Director

MR KOK NYONG PATT
Executive Director

DR JOHN CHEN SEOW PHUN
Independent Director

MR LEE TONG SOON
Chairman & Managing Director

MR LEE TONG KUON
Executive Director

CONSOLIDATION

Leveraging our strengths in a changing environment.

Quality authentic Thai-Teochew cuisine, incredible service and an enjoyable atmosphere combine to differentiate Thai Village restaurants from our competitors. Targeted operational improvements implemented during the year are enhancing this experience.

Overview

Our sales were affected by continued spending controls imposed by the People's Republic of China ("PRC") government and intense competition within the food and beverage industry in the PRC. At the same time, we took decisive actions to consolidate the Group's operations, which involved one-time costs associated with the closing of under-performing outlets in the PRC and Singapore.

As a result of the foregoing, the Group's revenue decreased by 9% as compared to FY 2005 and there was a net loss of S$1.9m for FY 2006. Nevertheless, the Group continued to generate positive cash flow for operations.

Singapore

FY 2006 was a period of fine-tuning for the Singapore segment, which faced a challenging cost environment. Despite the tough conditions, we generated sales approximately S$40m.

Quality authentic Thai-Teochew cuisine, incredible service and an enjoyable atmosphere combine to differentiate Thai Village restaurants from our competitors. Targeted operational improvements implemented during the year are enhancing this experience.

We have introduced a service excellence training programme, that focuses the server on tailoring the dining experience to each customer's pace, wants and needs. Our goal is to make every customer feel welcome and cared for with personalised service.
To spur menu innovation and food excellence, we introduced quarterly internal culinary competitions. Together, these programmes have produced immediate results, with the number of favourable customer feedback increasing.

Thai Village won the Golden Brand Award 2006-2007.

In the past year we also focused on refreshing the décor of our restaurants with themes designed to carve a niche for each outlet and broaden our customer base. We have transformed our outlets at Goodwood Park, Oasis, Jurong and Changi Village into restaurants catering to corporate diners, casual diners, families with children and price-sensitive diners.



FY 2006 saw the roll-out of our loyalty programme to encourage repeat business. Launched to coincide with our 15th anniversary, the Royal Card entitles members to 15% discount at our restaurants. They will also receive regular updates of special offers via e-mail, as well as earn and redeem Thai Village "dollars" at our restaurants. A major enhancement was also made to our website to enrich customers' service experience. Now, on top of viewing information about the Group and its restaurants, the menu, they can also enjoy the convenience of making a reservation at any of our outlets online.

In view of poor performance, we closed the Thai Village Sharksfin Restaurant at the SingPost Centre and the Thai Village Seafood restaurant at the East Coast Seafood Centre. While closing restaurants is difficult for our customers and employees, we will only operate units that generate an acceptable return on our investment.

People's Republic of China & Indonesia

The operating conditions in the PRC continued to be unfavourable to the Group in FY 2006. The intense competition we faced in the PRC in FY 2005 did not relent, and the central government maintained the controls it had imposed on spending to prevent the economy from overheating. In combination with a difficult cost environment, these factors led to a 17% drop in our PRC sales and the decreased contribution from our PRC segment, from 55% in FY 2005 to 50% in FY 2006.

We are focused on training our chefs on the authentic Thai-Teochew culinary techniques, to bring terrific new flavours to our customers, along with our well-loved favourites.

In FY 2006 we closed underperforming outlets in Qingdao, Zhuhai, Hangzhou and Songjiang that were negatively impacting profits and returns. Since the introduction of the Thai Village brand into the PRC, marketing has primarily been by word-of-mouth. During FY 2006, we conducted extensive consumer research. Looking ahead to FY 2007 and beyond, we will focus on this research as we accelerate our brand-building efforts, including using integrated local marketing and public relations to further establish the Thai Village brand. We are also evaluating the new concepts and marketing initiatives currently in place in our Singapore operations for introduction to our PRC operations to drive sales.

We now have 15 franchisees in the PRC. The Group continued to derive recurrent income from the two franchise outlets in Indonesia.

Authentic Thai-Teochew Fare, Served with Flair

Here's a sight to behold – a majestic dragon bursting through a cluster of clouds bathed in the warm glow of the sun. This isn't from the latest movie screening at the theatres, but a scene from a Thai Village outlet.

The restaurant chain believes that food should please the eye as well as the palate. And it has been serving its signature Thai-Teochew dishes with flair, using intricate fruit and vegetable sculptures such as what was described above as centrepieces and garnishes.

For guests of Thai Village, the ornate fruit and vegetable carvings are an attractive way to enhance their dining experience, whether it be a conversation piece at a dinner party for friends, a private function for hundreds of guest, or a VIP reception for someone they want to impress.

JOIN THE ROYAL CLUB, AND ENJOY A TASTE OF REGAL SPLENDOUR AND MORE

When you dine at Thai Village, you get the royal treatment.

Feel the regal atmosphere of the palatial halls of our restaurants. Enjoy the finest Thai-Teochew cuisine. Experience our pampering service, fit for kings and queens.

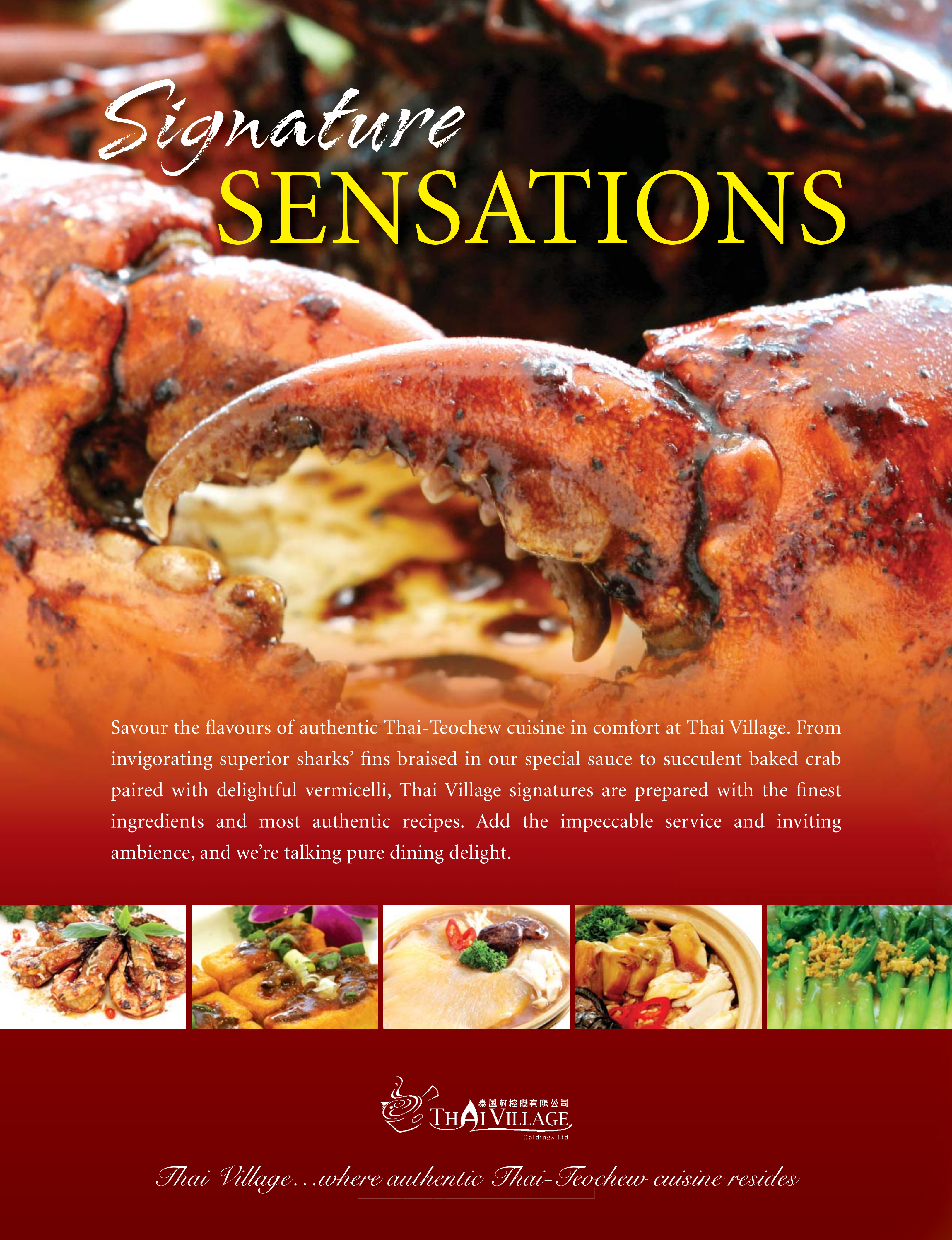
Now, with the Royal Card, you'll enjoy all these and more at Thai Village!

- 15% discount at any outlet.
- 20% discount during your birthday month.
- Earn 1 TV (Thai Village) Dollar for every S$25 spent (nett and before service charge and prevailing taxes).
- Offset bills with full redemption using TV Dollars that you've earned on previous visits.
- Exclusive in-store promotions.
- Receive updates on new promotions and exclusive offers via email and/or direct mailers.

To apply for the Royal Card, please visit any of our outlets to obtain a copy of our Royal Card application form, or download our e-application form at www.thaivillagerestaurant.com.sg.

Thai Village Restaurants are located at:

- **Oasis** - 50 Stadium Boulevard, #01-01, Oasis Building, Singapore 397796 Tel: 6440 2292
- **Goodwood Park** - 22 Scotts Road, Goodwood Park Hotel, Singapore 228221 Tel: 6440 8251
- **Jurong** - 19 Yung Ho Road, Singapore 618593 Tel: 6268 3885
- **Changi Village** - Blk 5 Changi Village Road #01-2001, Singapore 500005 Tel: 6542 8832


Signature
SENSATIONS
Savour the flavours of authentic Thai-Teochew cuisine in comfort at Thai Village. From invigorating superior sharks' fins braised in our special sauce to succulent baked crab paired with delightful vermicelli, Thai Village signatures are prepared with the finest ingredients and most authentic recipes. Add the impeccable service and inviting ambience, and we're talking pure dining delight.
泰国村控股有限公司
THAI VILLAGE
Holdings Ltd
Thai Village...where authentic Thai-Teochew cuisine resides

Welcome to the World of Thai Village

CHINA FRANCHISES （中国加盟店）

Shanghai 上海	奉贤南桥路1号	电话：(86) 21-57429999-2188
	国定东路237号	电话：(86) 21-55221717
Fujian 福建	泉州市泉秀路五矿大厦	电话：(86) 595-22552022
	厦门市思明区会展南里134-139号	电话：(86) 592-5913888
Jiangsu 江苏	南京秣陵路108号	电话：(86) 25-84227188
	常州市怀德中45号中油国际大酒店四楼	电话：(86) 519-6808068
	张家港市沙洲东路3号	电话：(86) 512-58213777
	扬州市丰乐上街1号（新泰大酒楼）	电话：(86) 514-7937977
Hubei 湖北	武汉市汉口黄浦大街27号（中原大酒店）	电话：(86) 27-82427779
	武汉市汉口江岸区江汉路118号	电话：(86) 27-68822751
Tianjin 天津	南开区水上公园东路	电话：(86) 22-23419888
Shanxi 陕西	西安市东大街130号（泰大饭店二楼）	电话：(86) 29-87429888
Anhui 安徽	芜湖市北京东路1号世纪花园	电话：(86) 553-3120988
Henan 河南	郑州金水路28号河南宾馆西侧	电话：(86) 371-63877979
Qingdao 青岛	香港中路6号 青岛世界贸易中心B座东侧一层	电话：(86) 532-83877676

INDONESIA FRANCHISES（印尼加盟店）

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Jakarta 雅加达	Menara BCD, 21st Floor, Jl. Jendral Sudirman Kav. 26, Jakarta Selatan 12920 Tel: (62) 21-2500368 Fax: (62) 21-2500367

SINGAPORE OUTLETS（新加坡分店）

Oasis 海京楼	50 Stadium Boulevard, #01-01, Oasis Building, Singapore 397796 Tel: (65) 6440 2292 Fax: (65) 6440 7285
Goodwood Park 良木园	22 Scotts Road, Goodwood Park Hotel, Singapore 228221 Tel: (65) 6440 8251 Fax: (65) 6440 0748
Jurong 裕廊	19 Yung Ho Road, Singapore 618592 Tel: (65) 6268 3885 Fax: (65) 6268 2006
Changi Village 樟宜村	Blk 5, Changi Village Road, #01-2001, Singapore 500005 Tel: (65) 6542 8832 Fax: (65) 6542 2395

CHINA OUTLETS（中国分店）

Shanghai 上海	虹桥路2266号（阳光大酒店内）	电话：(86) 21-62627676
	新华路660号（万宝大酒店内）	电话：(86) 21-62828028
	陕西南路5-7号（城市酒店内）	电话：(86) 21-62588585
	蒲东潍坊路费尽号（嘉瑞酒店内）	电话：(86) 21-62548282
Kunming 昆明	昆明市东风西路87号	电话：(86) 871-3641851
Beijing 北京	北京市朝阳区劲松三区甲302号 华腾大厦二层206单元	电话：(86) 10-87730088

THAI VILLAGE HOLDINGS LTD

THAI VILLAGE RESTAURANT SINGAPORE

- Oasis
- Goodwood Park
- Jurong
- Changi Village

THAI VILLAGE RESTAURANT PRC

- Shanghai, Pudong
- Shanghai, City Hotel
- Shanghai, Sunshine
- Shanghai, Manpo
- Kunming
- Beijing

UNIT FRANCHISES

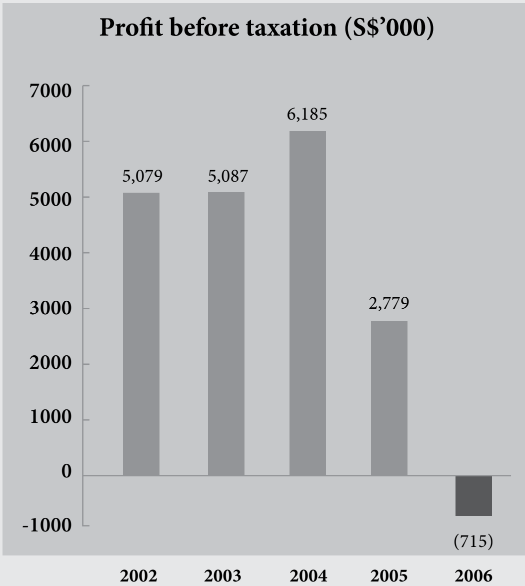
China

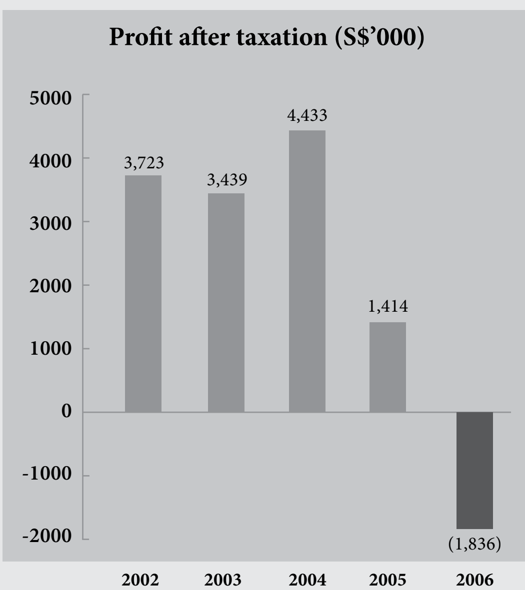
- Tianjin
- Quanzhou
- Fengxian
- Nanjing
- Xian
- Wuhan
- Changzhou
- Zhangjiagang
- Yangzhou
- Xiamen
- Zhengzhou
- Yangpu
- Wuhu (2)
- Qingdao

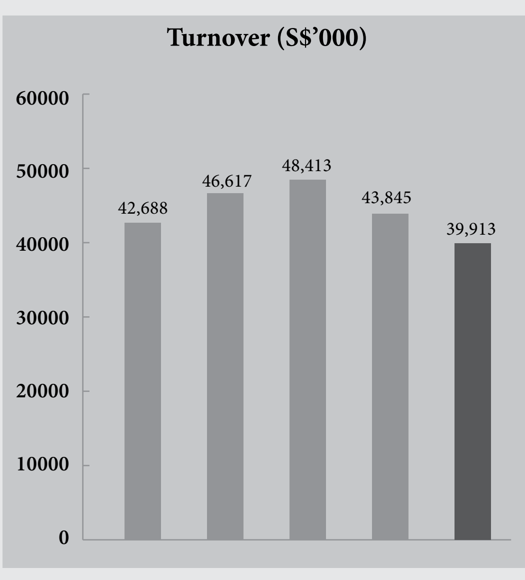
Indonesia

- Jakarta
- Surabaya

Financial Results







FINANCIAL REPORT INDEX

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"), and the balance sheet and statement of changes in equity of the Company for financial year ended 30 September 2006.

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
Dr John Chen Seow Phun
Chow Kok Kee

In accordance with Article 107 of the Company's Articles of Association, Kok Nyong Patt retires and being eligible, offers himself for re-election.

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 objects are, or one of whose object is, 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, Cap. 50, 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		
	1.10.2005	**30.9.2006**	**21.10.2006**	**1.10.2005**	**30.9.2006**	**21.10.2006**
The Company						
Lee Tong Soon[1]	23,382,226	23,382,226	23,382,226	–	–	–
Lee Tong Kuon[1]	22,252,725	22,252,725	22,252,725	–	–	–
Kok Nyong Patt	22,815,225	22,815,225	22,815,225	–	–	–
Dr John Chen Seow Phun	–	–	–	62,500[2]	62,500[2]	62,500[2]

Note:

(1) Lee Tong Soon and Lee Tong Kuon are brothers; and
(2) 62,500 (2005: 62,500) shares are held in the name of Mdm. Lim Kok Huang, who is the spouse of Dr John Chen Seow Phun.

Except as disclosed in this report, no other director who held office at the end of the financial year had an interest in shares, share options, warrants or debentures of the Company either at the beginning or at the end of the financial year.

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

- Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- Reviews the half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Recommends to the Board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the Audit Committee to the Board of directors with such recommendations as the Audit Committee considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

The Audit Committee has full access to and co-operation by the Company's management and has full discretion to invite any director or executive officer to attend its meetings. The Financial Controller attends meetings of the Audit Committee. The auditors have unrestricted access to the Audit Committee. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

Options

There is presently no option scheme on unissued shares of the Company.

Auditors

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

On behalf of the Board of directors,

LEE TONG SOON
Chairman and Managing Director

KOK NYONG PATT
Executive Director

Singapore
24 November 2006

We, Lee Tong Soon and Kok Nyong Patt, being two of the directors of Thai Village Holdings Ltd (the "Company"), 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 the 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 2006, and the results of the business, changes in equity and cash flow of the Group, and the changes in equity of the Company for the financial year then ended on that date; 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
Chairman and Managing Director

KOK NYONG PATT
Executive Director

Singapore
24 November 2006

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 56 for the financial year ended 30 September 2006. 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 2006, and of the results, changes in equity and cash flow of the Group, and the changes in equity of the Company for the financial year then ended on that date; 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
24 November 2006

		Group		Company	
	Note	2006	2005	2006	2005
		$	$	$	$
Non-current assets					
Fixed assets	3	**5,680,170**	8,021,060	–	–
Investments in subsidiary companies	4	–	–	**4,261,830**	4,611,828
Goodwill	5	–	14,368	–	–
Current assets					
Stocks	6	**2,555,039**	2,978,157	–	–
Trade debtors	7	**720,330**	1,060,927	**127,421**	289,592
Other debtors, deposits and prepayments	8	**2,170,420**	2,963,065	**452,807**	487,598
Amounts due from subsidiary companies (trade)	9	–	–	**6,395,701**	5,656,520
Amounts due from subsidiary companies (non-trade)	9	–	–	**7,792,299**	4,133,163
Amount due from a minority shareholder		–	150,000	–	–
Fixed deposits	10	**9,954,976**	8,284,908	**85,332**	5,026,709
Cash and bank balances	10	**6,021,722**	8,331,092	**621,666**	1,868,588
		21,422,487	23,768,149	**15,475,226**	17,462,170
Current liabilities					
Trade creditors	11	**1,553,675**	1,218,049	–	–
Other creditors and accruals	12	**2,503,651**	3,170,033	**471,605**	751,964
Amounts due to subsidiary companies (non-trade)	9	–	–	**133,350**	–
Amounts due to directors	13	**170,000**	200,000	**170,000**	200,000
Finance lease obligations, current portion (secured)	14	**128,302**	128,302	–	–
Provision for taxation		**622,111**	909,596	**18,866**	122,155
		4,977,739	5,625,980	**793,821**	1,074,119
Net current assets		**16,444,748**	18,142,169	**14,681,405**	16,388,051
Non-current liabilities					
Finance lease obligations, non-current portion (secured)	14	**(491,997)**	(620,299)	–	–
Deferred taxation	15	**(275,634)**	(312,792)	–	–
Net assets		**21,357,287**	25,244,506	**18,943,235**	20,999,879

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Group		Company	
	Note	2006	2005	2006	2005
		$	$	$	$
Share capital and reserves					
Share capital	16	**14,933,309**	10,491,035	**14,933,309**	10,491,035
Reserves		**6,381,524**	14,570,175	**4,009,926**	10,508,844
Attributable to equity holders of the parent company		**21,314,833**	25,061,210	**18,943,235**	20,999,879
Minority interests		**42,454**	183,296	**–**	–
Total equity		**21,357,287**	25,244,506	**18,943,235**	20,999,879

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2006 $	Group 2005 $
Revenue	17	**39,912,950**	43,845,113
Other operating income		**905,781**	370,271
Changes in stocks		**(423,118)**	(897,759)
Purchases		**(16,691,438)**	(17,495,387)
Personnel expenses	18	**(9,870,585)**	(10,027,058)
Depreciation of fixed assets	3	**(1,532,891)**	(1,437,424)
Foreign exchange loss, net		**(289,953)**	(114,915)
Other operating expenses		**(12,998,506)**	(11,641,279)
Finance income	19	**294,636**	210,806
Finance costs	20	**(21,626)**	(32,938)
(Loss)/profit before taxation	21	**(714,750)**	2,779,430
Taxation	22	**(1,121,301)**	(1,365,666)
(Loss)/profit for the financial year		**(1,836,051)**	1,413,764
Attributable to:			
Equity holders of the parent company		**(1,766,218)**	1,514,245
Minority interests		**(69,833)**	(100,481)
		(1,836,051)	1,413,764
Basic earnings per share (cents)	23	**(0.84)**	0.79
Diluted earnings per share (cents)	23	**(0.84)**	0.79

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2006 $	Group 2005 $	Company 2006 $	Company 2005 $
Issued capital					
Balance at beginning of financial year		**10,491,035**	8,392,828	**10,491,035**	8,392,828
Transfer of share premium reserve to issued share capital account	(a)	**4,442,274**	–	**4,442,274**	–
Issuance of bonus shares during the financial year		–	2,098,207	–	2,098,207
Balance at end of financial year		**14,933,309**	10,491,035	**14,933,309**	10,491,035
Share premium					
Balance at beginning of financial year		**4,442,274**	6,556,259	**4,442,274**	6,556,259
Transfer of share premium reserve to issued share capital account	(a)	**(4,442,274)**	–	**(4,442,274)**	–
Amount applied for issuance of bonus shares		–	(2,098,207)	–	(2,098,207)
Expenses incurred on issuance of bonus shares		–	(15,778)	–	(15,778)
Balance at end of financial year		–	4,442,274	–	4,442,274
Foreign currency translation reserves	(b)				
Balance at beginning of financial year		**(17,577)**	(321,825)	–	–
Net translation differences arising during the financial year		**(301,593)**	304,248	–	–
Balance at end of financial year		**(319,170)**	(17,577)	–	–
Revenue reserves					
Balance at beginning of financial year		**9,639,353**	10,676,945	**6,066,570**	3,769,770
(Loss)/profit for the financial year		**(1,766,218)**	1,514,245	**(378,079)**	4,758,920
Transfer to reserve fund		**(42,584)**	(89,717)	–	–
Dividends paid	24	**(1,678,566)**	(2,462,120)	**(1,678,565)**	(2,462,120)
Balance at end of financial year		**6,151,985**	9,639,353	**4,009,926**	6,066,570
Reserve fund	(c)				
Balance at beginning of financial year		**506,125**	416,408	–	–
Transfer from revenue reserves		**42,584**	89,717	–	–
Balance at end of financial year		**548,709**	506,125	–	–
Total reserves		**21,314,833**	25,061,210	**18,943,235**	20,999,879

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Group		Company	
	Note	2006	2005	2006	2005
		$	$	$	$
Minority interests					
Balance at beginning of financial year		**183,296**	133,777	–	–
Loss for the financial year		**(69,833)**	(100,481)	–	–
Disposal of interest in a subsidiary company		**(71,009)**	–	–	–
Capital contributed during the financial year		–	150,000	–	–
Balance at end of financial year		**42,454**	183,296	–	–
Total equity		**21,357,287**	25,244,506	**18,943,235**	20,999,879

(a) On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Group and the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Group's and the Company's share capital.

(b) The foreign currency translation reserves account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Group 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 accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2006 $	Group 2005 $
Cash flow from operating activities			
(Loss)/profit before taxation		**(714,750)**	2,779,430
Adjustments for:			
Bad debts written off (trade)		**63,174**	34,000
Allowance for doubtful debts (trade)		**20,120**	129,593
Loss/(gain) on disposal of fixed assets		**1,037,325**	(86,776)
Depreciation of fixed assets		**1,532,891**	1,437,424
Fixed assets written off		**291,608**	2,021
Gain on change of interest in a subsidiary company		**(56,640)**	–
Interest expense		**21,626**	32,938
Interest income		**(294,636)**	(210,806)
Exchange differences		**(220,612)**	257,268
Operating profit before working capital changes		**1,680,106**	4,375,092
Decrease in:			
Stocks		**423,118**	897,759
Trade debtors		**257,303**	698,374
Other debtors, deposits and prepayments		**1,080,282**	794,164
Increase/(decrease) in:			
Trade creditors		**335,626**	(1,761,758)
Other creditors and accruals		**(579,126)**	(189,598)
Amounts due to directors		**(30,000)**	(645,000)
Cash generated from operations		**3,167,309**	4,169,033
Interest paid		**(21,626)**	(32,938)
Taxes paid, net		**(1,619,165)**	(1,192,579)
Net cash generated from operating activities		**1,526,518**	2,943,516
Cash flow from investing activities			
Interest received		**294,636**	210,806
Purchase of fixed assets		**(955,600)**	(1,994,866)
Proceeds from disposal of fixed assets		**152,012**	174,984
Repayment by a minority shareholder of a subsidiary company		**150,000**	–
Expenses from issuance of bonus shares		**–**	(15,778)
Net cash used in investing activities		**(358,952)**	(1,624,854)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2006 $	Group 2005 $
Cash flow from financing activities			
Payment of dividends to shareholders		**(1,678,566)**	(2,462,120)
Repayment of finance lease obligations, net		**(128,302)**	(234,245)
Net cash used in financing activities		**(1,806,868)**	(2,696,365)
Net decrease in cash and cash equivalents		**(639,302)**	(1,377,703)
Cash and cash equivalents at beginning of financial year		**16,616,000**	17,993,703
Cash and cash equivalents at end of financial year	25	**15,976,698**	16,616,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Thai Village Holdings Ltd (the "Company") is a public company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange Limited. The registered office and principal place of business of the Company 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. There have been no significant changes in the nature of these activities during the financial year.

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.

Related companies in these financial statements refer to the group of companies within Thai Village Holdings Ltd.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements have been prepared on a historical cost basis and are presented in Singapore Dollars ("SGD" or "$").

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below:

(a) Adoption of new FRS

FRS 39 (revised), Financial Instruments: Recognition and Measurement

On 1 October 2005, the Group and the Company adopted FRS 39 prospectively, that is mandatory for annual financial periods beginning on or after 1 January 2005.

At that date, financial assets that were classified as loans and receivables within the scope of FRS 39 were measured at amortised cost using the effective interest rate method. Financial liabilities within the scope of FRS 39 were measured at amortised costs using the effective interest rate method.

The adoption of FRS 39 did not result in any adjustment to the financial statements of the Group and the Company for the financial year ended 30 September 2006.

(b) Adoption of revised FRS

The Group and the Company adopted the following revised Standards mandatory for annual financial periods beginning on or after 1 January 2005:

FRS 1 (revised),	Presentation of Financial Statements
FRS 2 (revised),	Inventories
FRS 8 (revised),	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised),	Events after the Balance Sheet Date
FRS 16 (revised),	Property, Plant and Equipment

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(b) Adoption of revised FRS (cont'd)

FRS 17 (revised),	Leases
FRS 21 (revised),	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised),	Related Party Disclosures
FRS 27 (revised),	Consolidated and Separate Financial Statements
FRS 32 (revised),	Financial Instruments: Disclosure and Presentation
FRS 33 (revised),	Earnings Per Share

The adoption of the above revised standards has no financial impact on the financial statements of the Group and the Company for the financial year ended 30 September 2006.

(c) FRS and Interpretations of Financial Reporting Standards ("INT FRS") that are not yet effective

The Group and the Company have not applied the following FRS and INT FRS that have been issued.

(i) INT FRS 104, Determining Whether an Arrangement Contains a Lease

This interpretation requires the determination of whether an arrangement is, or contains a lease to be based on the substance of the arrangement and requires an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The adoption of this interpretation is not expected to have a significant impact on the financial statements of the Group and the Company.

(ii) FRS 107, Financial Instruments: Disclosures

This standard requires quantitative disclosures of the nature and extent of risks arising from financial instruments in addition to disclosures currently required under FRS 32. The adoption of this standard is not expected to have a significant impact on the financial statements of the Group and the Company for the financial year ended 30 September 2006.

The adoption of the pronouncements listed above is not expected to have a significant impact on the financial statements of the Group and the Company in the period of initial application.

(iii) The standards and interpretations below do not apply to the activities of the Group and the Company:

FRS 40, Investment Property

FRS 106, Exploration for and Evaluation of Mineral Resources

INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

INT FRS 106, Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

INT FRS 107, Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies

Amendments to FRS 19, Employee Benefits Relating to Actuarial Gains and Losses, Group Plans and Disclosures

Amendments to FRS 39, Cash Flow Hedge Accounting for Forecast Intragroup Transactions

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

The Group and the Company have exposures to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's and the Company's provision for taxation as at 30 September 2006 was $622,111 (2005: $909,596) and $18,866 (2005: $122,155) respectively. The carrying amount of the Group's defered taxation as at 30 September 2006 was $275,634 (2005: $312,792).

(b) Critical judgements made in applying accounting policies

The following judgement is made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment when there are indicators of impairment. As at 30 September 2006, there are no indications of impairment and the carrying amount of the Group's fixed assets was $5,680,170 (2005: $8,021,060).

2.4 Functional and foreign currencies

(a) Functional currency

Management has determined the currency of the primary economic environment in which the Group and the Company operate i.e. functional currency, to be SGD. Revenue and major costs are primarily influenced by fluctuations in SGD.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the consolidated profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserves in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

2. **Summary of significant accounting policies (cont'd)**

2.4 Functional and foreign currencies (cont'd)

(c) Foreign currency translations

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each profit and loss account are translated at average exchange rates for the financial year, which approximate the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserves.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 October 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the consolidated profit and loss account as a component of the gain or loss on disposal.

2.5 Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies at the balance sheet date. 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 2006.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any 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 represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in the financial statements.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the consolidated profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

When the losses applicable to the minority interests exceed the minority interests in the subsidiary company's equity, the excess and any further losses applicable to the minority interests are allocated against the majority interests, except to the extent that the minority interests have a binding obligation and are able to make an additional investment to cover the losses.

2. Summary of significant accounting policies (cont'd)

2.6 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and includes the costs of dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the asset. 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.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated profit and loss account in the year the asset is derecognised.

2.7 Depreciation

Depreciation of fixed assets begins when it is available for use and is calculated using the straight-line method to write off the cost of the assets over the estimated useful lives of the assets as follows:

Leasehold properties	– over their respective lease terms of 20 to 30 years
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

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

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.

2.8 Investments in subsidiary companies

A subsidiary company is a company in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it 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 accounted for at cost less any impairment losses.

2.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost being 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. Following initial recognition, goodwill is measured at cost 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.

2. Summary of significant accounting policies (cont'd)

2.9 Goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit maybe impaired by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.10 Financial assets

Financial assets within the scope of FRS 39 are classified as loans and receivables, as appropriate. Financial assets are recognised on the balance sheets when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, directly attributable transaction costs. The Group and the Company determine the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the settlement date i.e. the date that the Group and the Company settle the purchase and sales of the asset.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group and the Company have not classified any financial assets as financial assets at fair value through profit or loss, held-to-maturity and available-for-sale.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment

(a) Impairment of financial assets

The Group and the Company assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of any impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flow is discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The Group does not reverse, in a subsequent period, any impairment loss previously recognised for goodwill.

2. **Summary of significant accounting policies (cont'd)**

2.12 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group and the Company retain the contractual rights to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group and the Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Where the Group and the Company have transferred their rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group and the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the consolidated profit and loss account.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated profit and loss account.

2.13 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.

2.14 Trade and other debtors

Trade and other debtors, including amounts due from subsidiary companies, are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in the financial statements.

An allowance is made for uncollectible amounts where there is objective evidence that the Group and the Company will not be able to collect the debts. Bad debts are written off when identified. Details on the accounting policy for impairment of financial assets are stated in the financial statements.

2. Summary of significant accounting policies (cont'd)

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, and fixed deposits.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in the financial statements.

2.16 Trade creditors

Liabilities for trade and other creditors, which are normally settled on 30 to 90 day terms, including amounts due to subsidiary companies and directors, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the consolidated profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.17 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.18 Leases

Finance leases

Finance leases, which 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. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.19 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided using the liability method on 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 liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. Summary of significant accounting policies (cont'd)

2.20 Revenue recognition

(a) Revenue from restaurant operations

Revenue from restaurant operations 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.

(b) Management fees

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

(c) Service fees and interest income

Service fees and interest income are recognised on an accrual basis.

(d) Dividend income

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

(e) Franchise and royalty fees

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

2.21 Employee benefits

(a) 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 an expense in the same period in which the related services are performed.

(b) Accumulating compensated absences

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

2.22 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress, and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.23 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2.24 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing services/products, or in providing such services/products within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's business segments, namely restaurant operations and restaurant management services.

Inter-segment pricing, if any, is determined on an arm's length basis.

3. Fixed assets

Group	Leasehold properties $	Furniture, fixtures and equipment $	Plant and machinery $	Motor vehicles $	Computers $	Operating supplies $	Total $
Cost							
At 1 October 2004	2,812,123	6,288,405	999,689	1,118,554	176,149	81,833	11,476,753
Additions	–	1,173,431	438,961	404,033	183,504	94,937	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)
Impairment loss	–	(24,787)	(39,094)	–	–	(14,512)	(78,393)
Translation differences	–	91,407	19,906	4,420	5,333	(176)	120,890
At 30 September 2005 and 1 October 2005	2,812,123	7,187,185	1,518,727	1,177,442	378,814	142,091	13,216,382
Additions	**–**	**575,966**	**180,660**	**72,994**	**123,811**	**2,169**	**955,600**
Disposals	**–**	**(1,839,942)**	**(504,532)**	**–**	**(81,381)**	**(19,496)**	**(2,445,351)**
Write-offs	**–**	**(421,000)**	**–**	**–**	**–**	**–**	**(421,000)**
Translation differences	**–**	**(149,437)**	**(33,235)**	**(8,372)**	**(8,534)**	**(3,445)**	**(203,023)**
At 30 September 2006	**2,812,123**	**5,352,772**	**1,161,620**	**1,242,064**	**412,710**	**121,319**	**11,102,608**
Accumulated depreciation							
At 1 October 2004	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 30 September 2005 and 1 October 2005	1,038,061	2,993,706	577,131	334,428	205,014	46,982	5,195,322
Charge for the financial year	**114,272**	**801,835**	**189,838**	**236,614**	**147,045**	**43,287**	**1,532,891**
Disposals	**–**	**(930,406)**	**(120,669)**	**–**	**(4,363)**	**(19,496)**	**(1,074,934)**
Write-offs	**–**	**(129,392)**	**–**	**–**	**–**	**–**	**(129,392)**
Translation differences	**–**	**(107,344)**	**(10,818)**	**1,375**	**(2,002)**	**17,340**	**(101,449)**
At 30 September 2006	**1,152,333**	**2,628,399**	**635,482**	**572,417**	**345,694**	**88,113**	**5,422,438**
Net book value							
At 30 September 2006	**1,659,790**	**2,724,373**	**526,138**	**669,647**	**67,016**	**33,206**	**5,680,170**
At 30 September 2005	1,774,062	4,193,479	941,596	843,014	173,800	95,109	8,021,060

Motor vehicles with net book values of approximately $562,000 as at 30 September 2006 (2005 : $759,000) were acquired under finance leases.

In 2005, the Group acquired fixed assets amounting to $2,294,866 of which $300,000 were acquired by way of finance leases.

Details of the leasehold properties are included in Note 32 to the financial statements.

4. Investments in subsidiary companies

	Company 2006 $	Company 2005 $
Unquoted equity shares, at cost:		
Balance at beginning of financial year	**4,611,828**	4,761,828
Addition during the financial year	**2**	–
Divestment during the financial year	**–**	(150,000)
	4,611,830	4,611,828
Allowance for impairment loss	**(350,000)**	–
Balance at end of financial year	**4,261,830**	4,611,828

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 2006 %	Effective equity interest held by the Group 2005 %	Cost of investment held by the Company 2006 $	Cost of investment held by the Company 2005 $
Held by the Company						
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]	Operation of restaurants	Republic of Singapore	**70**	70	**350,000**	350,000
Thai Village (China) Pte.Ltd. [@][1]	Investment holding	Republic of Singapore	**100**	–	**2**	–
Held by subsidiary companies						
Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd [*][2]	Operation of restaurants	People's Republic of China	**100**	90	**–**	–
Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd [3]	Operation of restaurants	People's Republic of China	**100**	100	**–**	–

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 2006 %	2005 %	Cost of investment held by the Company 2006 $	2005 $
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**	51	–	–
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 [(2)]	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 [(7)]	Operation of restaurants	People's Republic of China	**100**	100	–	–
Thai Village Sharksfin Restaurant (Zhuhai) Co., Ltd [@ @]	Operation of restaurants	People's Republic of China	–	100	–	–
Thai Village Sharksfin Restaurant (Jiading) Co., Ltd [(2)]	Operation of restaurants	People's Republic of China	**87.75**	87.75	–	–
					4,611,830	4,611,828

* Previously, under a Co-operative Joint Venture ("CJV") Agreement signed between Thai Village Overseas Ventures ("TVOV") and Shanghai International Trade and Services Co. Ltd ("SITSCL"), SITSCL held an equity interest of 10% in Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd ("TV Shanghai") and was entitled to receive a fixed sum of US$20,000 annually from TV Shanghai.

On 20 November 2005, SITSCL had withdrawn from the joint venture partnership and was paid an amount of RMB350,000 (approximately $70,000) as compensation. Subsequent to the withdrawal of SITSCL, TV Shanghai is currently wholly-owned by the Group as at 30 September 2006. The gain on change of interest in TV Shanghai of $56,640 has been included in the consolidated profit and loss account.

4. Investments in subsidiary companies (cont'd)

\# 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.

@ On 22 November 2005, the Company incorporated a wholly-owned subsidiary company, Thai Village (China) Pte. Ltd. with an issued and fully paid-up capital of $2.

@@ The subsidiary company is liquidated during the financial year.

(1) Audited by Ernst & Young, Singapore.

(2) Audited by Shanghai Da Tong 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 Zhejiang Hanrui Certified Public Accountants Co., Ltd.

5. Goodwill

	Group	
	2006	**2005**
	$	**$**
At cost	–	14,368

In 2005, goodwill arose from the acquisition of TV Shanghai by SITSCL in prior period. During the financial year, SITSCL disposed of its interests in TV Shanghai. The goodwill was written off against SITSCL's share of assets in TV Shanghai.

6. Stocks

	Group	
	2006	**2005**
	$	**$**
At cost:		
Raw and other materials	**931,683**	1,161,889
Processed stocks	**1,623,356**	1,816,268
	2,555,039	2,978,157

7. Trade debtors

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
Trade debtors	**870,043**	1,190,520	**183,421**	345,592
Allowance for doubtful debts	**(149,713)**	(129,593)	**(56,000)**	(56,000)
	720,330	1,060,927	**127,421**	289,592
Bad debts written off to profit and loss account (Note 21)	**63,174**	34,000	–	–

Included in the Group's trade debtors is an amount of $326,836 (2005: $609,610) denominated in Renminbi.

8. Other debtors, deposits and prepayments

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
Prepayments	**246,876**	710,239	**9,388**	5,217
Deposits	**984,163**	1,224,971	–	–
Advances to employees *	**73,877**	102,160	**61,876**	82,160
Tax recoverable	**106,557**	88,713	**106,557**	–
Sundry debtors	**758,947**	836,982	**274,986**	400,221
	2,170,420	2,963,065	**452,807**	487,598

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

Included in the Group's and the Company's other debtors, deposits and prepayments are amounts of $873,271 (2005: $1,642,940) and $333,152 (2005: $472,584) respectively denominated in Renminbi.

9. Amounts due from/(to) subsidiary companies (trade and non-trade)

Company

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

The non-trade amounts due from subsidiary companies arose mainly from loans to subsidiary companies. These amounts are unsecured, interest-free and are repayable on demand.

Included in the Company's trade amounts due from subsidiary companies is an amount of $1,728,245 (2005: $2,218,396) denominated in Renminbi.

The non-trade amounts due to subsidiary companies are unsecured, interest-free and are repayable on demand, and are denominated in Renminbi. These amounts arose from purchases made on behalf by a subsidiary company.

10. Fixed deposits, and cash and bank balances

Group

Fixed deposits with financial institutions mature within 3 to 12 (2005: 3 to 12) months from the financial year-end. Interest rates range from 2.25% to 3.40% (2005: 1.75% to 4.00%) per annum, which are also the effective interest rates.

Included in the Group's fixed deposits and bank balances are:
(a) $104,329 (2005: $3,219,496) denominated in US dollars, and
(b) $3,500,505 (2005: $4,118,123) denominated in Renminbi.

Company

Fixed deposits with financial institutions mature within 4 (2005: 3 to 6) months from the financial year-end. Interest rate is 3.10% (2005: 1.75% to 4.00%) per annum, which is also the effective interest rate.

Included in the Company's fixed deposits and bank balances are:
(a) $97,560 (2005: $2,118,884) denominated in US dollars, and
(b) $59,934 (2005: $279,128) denominated in Renminbi.

11. Trade creditors

Group

Included in the Group's trade creditors is an amount of $539,904 (2005: $760,681) denominated in Renminbi.

12. Other creditors and accruals

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
Sundry creditors	**582,179**	1,048,094	**251,166**	244,730
Deferred income	**1,144,243**	726,893	**–**	–
Accrued personnel expenses	**302,003**	871,604	**12,000**	201,720
Other accrued operating expenses	**475,226**	523,442	**208,439**	305,514
	2,503,651	3,170,033	**471,605**	751,964

Included in the Group's other creditors and accruals is an amount of $1,661,066 (2005: $1,745,533) denominated in Renminbi.

13. Amounts due to directors

Group and Company

The amounts due to directors are unsecured, interest-free and are repayable on demand.

14. Finance lease obligations (secured)

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 6 (2005: 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% (2005: 4.30% to 5.20%) per annum.

14. Finance lease obligations (secured) (cont'd)

Future minimum lease payments under finance leases together with the present values of the net minimum lease payments are as follows:

	2006		2005	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
	$	$	$	$
Within 1 year	**149,928**	**128,302**	149,928	128,302
Within 2 to 5 years	**574,606**	**491,997**	724,534	620,299
Total minimum lease payments	**724,534**	**620,299**	874,462	748,601
Less: Amounts representing finance charges	**(104,235)**	**–**	(125,861)	–
Present value of minimum lease payments	**620,299**	**620,299**	748,601	748,601
Disclosed as:				
Current		**128,302**		128,302
Non-current		**491,997**		620,299
		620,299		748,601

Finance lease liabilities are secured by the rights to the leased vehicles.

15. Deferred taxation

	Group	
	2006	**2005**
	$	**$**
Deferred tax liabilities:		
Balance at beginning of financial year	**312,792**	309,222
Credit during the financial year (Note 22)	**(31,208)**	–
Translation differences	**(5,950)**	3,570
Balance at end of financial year	**275,634**	312,792
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	**281,584**	309,222
Translation differences	**(5,950)**	3,570
Net deferred tax liabilities	**275,634**	312,792
Deferred tax assets not recognised as at 30 September relate to the following:		
Unutilised tax losses	**(31,000)**	(447,000)

The Group did not recognise deferred tax assets amounting to $31,000 (2005: $447,000), as the taxable profits from foreign subsidiary companies, which the deferred tax assets can be utilised, are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the companies operate.

16. Share capital

	Group and Company	
	2006	**2005**
	$	**$**
Issued and fully paid-up:		
Balance at beginning of financial year		
209,820,700 (2005: 167,856,560) ordinary shares	**10,491,035**	8,392,828
Transfer of share premium reserve to issued share capital	**4,442,274**	–
Issued 41,964,140 bonus shares of $0.05 each in 2005	–	2,098,207
Balance at end of financial year		
209,820,700 (2005: 209,820,700) ordinary shares	**14,933,309**	10,491,035

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.

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Group and the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Group's and the Company's share capital.

17. Revenue

	Group	
	2006	**2005**
	$	**$**
Restaurant operations	**39,378,833**	42,380,826
Franchise and royalty fee income	**534,117**	990,357
Management and service fees	–	473,930
	39,912,950	43,845,113

18. Personnel expenses

	Group	
	2006	**2005**
	$	**$**
Wages, salaries, bonuses and allowances *	**(8,594,736)**	(8,691,001)
Pension contributions	**(531,741)**	(525,604)
Other personnel costs	**(744,108)**	(810,453)
	(9,870,585)	(10,027,058)

* Includes directors' fees and remuneration as disclosed in Note 27 to the financial statements.

19. Finance income

	Group	
	2006	**2005**
	$	**$**
Interest income:		
Fixed deposits	**234,795**	112,604
Bank balances	**59,841**	98,202
	294,636	210,806

20. Finance costs

	Group	
	2006	**2005**
	$	**$**
Interest expense on finance lease obligations	**(21,626)**	(32,938)

21. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging/(crediting) the following:

	Group	
	2006	**2005**
	$	**$**
Auditors' remuneration	**111,769**	104,423
Allowance for doubtful debts (trade)	**20,120**	129,593
Bad debts written off (trade) (Note 7)	**63,174**	34,000
Fixed assets written off	**291,608**	2,021
Loss/(gain) on disposal of fixed assets	**1,037,325**	(86,776)
Gain on change of interest in a subsidiary company	**(56,640)**	–
Pre-operating expenses	**27,187**	251,426
Compensation received for the early termination of operating leases	**(701,143)**	–
Compensation paid for the early termination of operating leases	**940,292**	–
Water and electricity expenses	**1,368,823**	1,464,484
Operating lease expenses	**5,059,114**	4,834,072

22. Taxation

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

	Group	
	2006	**2005**
	$	**$**
Tax expense attributable to profit is made up of:		
On results for the financial year		
– Singapore taxation	**525,004**	780,647
– Overseas taxation	**474,207**	587,766
– Deferred tax credit (Note 15)	**(31,208)**	–
	968,003	1,368,413
Under/(over) provision in respect of prior years:		
– Singapore taxation	**161,690**	(2,747)
– Overseas taxation	**(8,392)**	–
	153,298	(2,747)
Total	**1,121,301**	1,365,666

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:

(Loss)/profit before taxation	**(714,750)**	2,779,430
Statutory tax expense at the statutory tax rate of 20%	**(142,950)**	555,886
Non-deductible expenses	**461,281**	92,414
Non-taxable income	**(179,641)**	–
Tax effect of unutilised losses expired due to deregistration	**28,541**	–
Differences in foreign tax rates	**200,645**	326,176
Withholding tax	**202,975**	172,953
Deferred tax assets not recognised	**550,635**	386,735
Utilisation of tax losses brought forward	**(96,244)**	–
Double tax relief	**(38,421)**	–
Under/(over) provision in respect of prior years	**153,298**	(2,747)
Tax rebate/exemption	**(21,000)**	(173,162)
Others	**2,182**	7,411
Effective tax expense	**1,121,301**	1,365,666

In 2005, in relation to the group relief system, the Group had utilised tax losses of approximately $81,000 to set off against the assessable income of certain companies within the Group. The utilisation of tax losses under the group relief system was subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

As at 30 September 2006, the Group has unutilised tax losses carried forward from certain foreign subsidiary companies of approximately $155,000 (2005: $2,235,000), 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.

23. Earnings per share

Group

Both basic and fully diluted earnings per share are calculated by dividing the Group's net (loss)/profit attributable to equity holders of the Company of $1,766,218 (2005: $1,514,245) by the weighted average number of shares in issue during the financial year of 209,820,700 (2005: 191,770,371) shares.

24. Dividends paid

Group and Company

During the financial year ended 30 September 2006, a final dividend of $1,678,566 based on 0.8 cents per share which is tax exempt, was paid in respect of the financial year ended 30 September 2005.

During the financial year ended 30 September 2005, a final dividend of $2,462,120 based on 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.

No dividend has been declared or recommended by the Group and the Company in respect of the financial year ended 30 September 2006.

25. Cash and cash equivalents

	Group	
	2006	**2005**
	$	**$**
Fixed deposits	**9,954,976**	8,284,908
Cash and bank balances	**6,021,722**	8,331,092
	15,976,698	16,616,000

26. Operating lease commitments

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

In addition to 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.

Operating lease payments recognised in the consolidated profit and loss account during the financial year, amounted to $5,059,114 (2005: $4,834,072) of which $326,811 (2005: $968,009) pertained to the contingent rents paid during the financial year.

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

	Group	
	2006	**2005**
	$	**$**
Within 1 year	**2,682,568**	4,705,000
Within 2 to 5 years	**4,817,733**	7,351,000
More than 5 years	**1,082,605**	1,989,000
	8,582,906	14,045,000

27. Significant related party transactions

The Group had the following significant related party transactions, which took place on terms agreed between the parties for the financial years ended 30 September:

	Group	
	2006	**2005**
	$	**$**
Management fees from subsidiary companies	**(3,314,323)**	(3,085,805)
Directors' remuneration	**1,187,509**	1,170,813
Directors' fees	**170,000**	200,000
Key executive officers' remuneration	**432,292**	461,932
Remuneration paid to employees related to directors or substantial shareholders	**293,107**	400,900

28. Segment information

The Group's primary format for reporting segment information is business segments, with each segment representing a strategic business segment that offers different products/services.

Segment accounting policies are the same as the policies described in Note 2 to the financial statements. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Business segments

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

- Restaurant operations, which mainly relate to operation of restaurant outlets; and
- Restaurant management services, which mainly relate to franchise services.

Segment assets consist primarily of fixed assets, trade and other debtors, and stocks.

Segment liabilities comprise mainly trade creditors, and other creditors and accruals.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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

28. Segment information (cont'd)

2006	**Restaurant operations** $	**Restaurant management services** $	**Eliminations** $	**Group** $
Turnover				
– external sales	39,378,833	534,117	–	39,912,950
– inter-segment sales	340,893	5,319,782	(5,660,675)	–
	39,719,726	5,853,899	(5,660,675)	39,912,950
Results	9,102,157	2,792,848	(5,660,675)	6,234,330
Unallocated expenses				(7,222,090)
Loss from operating activities				(987,760)
Finance income				294,636
Finance costs				(21,626)
Taxation				(1,121,301)
Loss for the financial year				(1,836,051)
Attributable to:				
Equity holders of the parent company				(1,766,218)
Minority interests				(69,833)
				(1,836,051)
Assets	10,584,793	638,430	(97,264)	11,125,959
Unallocated assets				15,976,698
Total assets				27,102,657
Liabilities	3,573,620	483,706	–	4,057,326
Unallocated liabilities				1,688,044
Total liabilities				5,745,370
Capital expenditure	955,600	–	–	955,600
Depreciation of fixed assets	1,532,891	–	–	1,532,891
Bad debts written off (trade)	63,174	–	–	63,174
Allowance for doubtful debts (trade)	–	20,120	–	20,120
Loss on disposal of fixed assets	1,037,325	–	–	1,037,325
Fixed assets written off	291,608	–	–	291,608

28. Segment information (cont'd)

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)	–
	42,451,575	6,266,797	(4,873,259)	43,845,113
Results	8,408,770	3,016,371	(4,873,259)	6,551,882
Unallocated expenses				(3,950,320)
Profit from operating activities				2,601,562
Finance income				210,806
Finance costs				(32,938)
Taxation				(1,365,666)
Profit for the financial year				1,413,764
Attributable to:				
Equity holders of the parent company				1,514,245
Minority interests				(100,481)
				1,413,764
Assets	14,369,885	803,324	–	15,173,209
Unallocated assets				16,630,368
Total assets				31,803,577
Liabilities	3,617,392	770,690	–	4,388,082
Unallocated liabilities				2,170,989
Total liabilities				6,559,071
Capital expenditure	2,294,866	–	–	2,294,866
Depreciation of fixed assets	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)

Geographical segments

Turnover is based on the location of customers. Assets and additions to fixed assets are allocated based on the location of those assets.

	Turnover		**Carrying amounts of segment assets**		**Capital expenditure**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**	**$**	**$**
Singapore	**19,876,583**	19,650,057	**18,621,171**	20,069,359	**350,980**	1,463,457
People's Republic of China	**20,036,367**	24,195,056	**8,481,486**	11,734,218	**604,620**	831,409
	39,912,950	43,845,113	**27,102,657**	31,803,577	**955,600**	2,294,866

29. Financial risk management policies and objectives

Exposures to credit risk, foreign currency risk, interest rate risk and liquidity risk arise in the normal course of the Group's operations. The Group's overall strategies, tolerance of risks, and general risk management philosophy are determined by the Board in accordance with prevailing economic and operating conditions.

The Group's principal financial instruments comprise finance lease obligations, fixed deposits, and cash on hand and at bank. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has other financial assets and liabilities, such as trade and other debtors, and trade and other creditors, which are directly from its operations.

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.

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 currency risk exposure namely in Unites States of America dollars 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 arises. 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 disclosed in Notes 10 and 14 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.

30. 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 and liquid nature.

Finance lease obligations (non-current)

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

		Group			
		2006		2005	
	Note	Carrying amount $	Estimated fair value $	Carrying amount $	Estimated fair value $
Finance lease obligations (non-current)	14	**491,997**	**445,619**	620,299	644,986

31. Directors' remuneration

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

	2006	2005
$250,000 to $499,999	**3**	3
Below $250,000	**2**	3
	5	6

32. Leasehold properties

Location	Tenure	Owned by	Description/Usage
Singapore			
No. 19 Yung Ho Road Singapore 618592	20 years leasehold commencing 18 December 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

33. Comparative figures

Certain prior year's comparatives have been reclassified to conform with the current year's presentation.

	2005	
	As restated $	**As previously stated $**
Profit and loss		
Other operating expenses	(11,641,279)	(11,633,929)
Finance costs:		
Interest expense on finance lease obligations	(32,938)	(32,938)
Bank charges	–	(7,350)
	(32,938)	(40,288)
Total	(11,674,217)	(11,674,217)

34. Authorisation of financial statements

The financial statements of the Group and of the Company for the financial year ended 30 September 2006 were authorised for issue in accordance with a resolution of the directors on 24 November 2006.

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 many 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 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.

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 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 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.

Mr Maxtein Oh Kok Thai is the General Manager of the Group. As the General Manager of the Group, he is responsible for overseeing the general functions of the Group which includes the administration and the human resource of the Group. Prior to joining the Group in August 1997, Mr Oh was a F & B Outlet Manager with Conrad International Centennial Singapore. He also held the position of Manager in various restaurants in Singapore including, Pondok Gurame Group of Restaurants, Jumbo Group of Restaurants and Yunnan Group of Restaurants. Besides, he was with the Westin Stamford and the Westin Plaza from 1987 to 1992.

Mr Andy Yun Tar Aun is the Group General Manager responsible for operations in Singapore and regional business development. Prior to joining the Group, he was a SAF award holder serving as an officer. In one of his appointments, he was appointed by the President of the Republic of Singapore to serve as his personal full time Aide-De-Camp from 2002 to 2004.

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.

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 many 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.

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 2005 (the "Code"). For ease of reference, specific reference is made to the Principles and Guidelines of the Code.

1. Board of Directors (the "Board")

1.1 The Board's conduct of its affairs

Principle 1: Effective Board to lead and control the Company

Principle 2: Strong and independent element on the Board

The Board comprises five directors, three of whom are executive directors and two 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 Messrs. Chen Seow Phun, John 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 FY2006, the Board conducted three 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 various board committees meetings held in FY2006 and the attendance of each Board member at those meetings are as follows:

	Board		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of meetings held	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Lee Tong Soon	3	3	2	2	1	1	1	1
Lee Tong Kuon	3	3	2	–	1	–	1	–
Kok Nyong Patt	3	3	2	–	1	–	1	–
Chen Seow Phun, John	3	3	2	2	1	1	1	1
Chow Kok Kee	3	3	2	2	1	1	1	1

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. Board of Directors (the "Board") (cont'd)

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

Principle 3: Clear division of responsibilities at the top of the Company

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"**).

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.

The Board has not adopted the recommendation of the Code as specified in Guideline 3.1 that the Chairman and the Managing Director should be separate persons. 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.

In addition, as recommended by the Code, the Board has appointed independent and non–executive director, Dr Chen Seow Phun, John as our lead independent director (the **"Lead Independent Director"**). Shareholders and employees of the Company with concerns which contact through the normal channels of the Chairman and Managing Director or the Management has failed to resolve or for which such contact is appropriate shall be able to contact Dr Chen care of the following:

Dr John Chen Seow Phun
Email: john_chen@thaivillagerestaurant.com.sg

1.3 Access to information

For FY2006, 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 FY2006, the company secretary attended two AC meetings and three 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

Principle 4: Formal and transparent process for the appointment of new directors to the Board.

The NC was set up on 30 September 2002. The NC comprises three directors, two of whom (including the chairman of the NC) are independent and non–executive. The chairman of the NC is Dr Chen Seow Phun, John. 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 14 November 2006, 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 FY2006, the NC is of the view that:

(a) Majority of the NC members 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

Principle 5: Formal assessment of the effectiveness of the Board and contribution by each director

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 other listed companies. Although the independent non–executive directors hold board representations in companies (including listed 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 1.12.2006)	23,528,226 Shares (as set out on page 70 of the AR)
Board Committees Served	Audit Committee (Member) Nomination Committee (Member)
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

2. Nominating Committee ("NC") (cont'd)

2.2 Board Performance (cont'd)

Name of Director	Lee Tong Kuon
Shareholding in the Company (as at 1.12.2006)	22,252,725 (as set out on page 70 of the AR)
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re–election as director	12 January 2006
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None

Name of Director	Kok Nyong Patt
Shareholding in the Company (as at 1.12. 2006)	22,815,225 Shares (as set out on page 70 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	Chen Seow Phun, John
Shareholding in the Company (as at 1.12.2006)	Dr Chen Seow Phun, John is deemed interested in 62,500 Shares held by his spouse.
Board Committees Served	Audit Committee (Chairman) Nomination Committee (Chairman) 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 PDC Corp Ltd
Past Directorships in other listed companies (within the last 3 years)	Intraco 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 1.12.2006)	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	12 January 2006
Present Directorships in other listed companies	Chosen Holdings Ltd Innovalues Precision Ltd Meiban Group Ltd Sing Lun Holdings Ltd Tuan Sing Holdings Ltd ChinaCast Communication Hldgs Ltd
Past Directorships in other listed companies (within the last 3 years)	NM Holdings Ltd PCA Technology Ltd Singapore Food Industries Ltd HLN Technologies Ltd

3. Audit Committee ("AC")

3.1 Audit Committee

Principle 11: Establishment of AC with written terms of reference

The AC comprises three members, two of whom (including the chairman of the AC) are independent and non–executive directors, namely Dr Chen Seow Phun, John is a former Member of Parliament and a businessman, Mr Chow Kok Kee, who is the managing director of a financial services company and Mr Lee Tong Soon. The chairman of the AC is Dr Chen.

The Code recommends in Guideline 11.1 that all members of the AC should be non–executive, the majority of whom, including the chairman of the AC, should be independent. The Board is of the view that as the Company is currently in a transitory and re–structuring phase and it would not be in the best interests of the Company to appoint another non–executive director to replace Mr Lee Tong Soon on the AC at this juncture. As the members of the AC have many years of accounting and financial management–related expertise and experience, the Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC performs the functions specified by the Companies Act, the Listing Manual and the Code and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

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 in the discharge of its duties. 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.

In FY2006, the AC met twice. Details of the members' attendance at AC meetings in FY2006 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 FY2006:

(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 FY2006, 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 FY2006.

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 FY2006, as the AC is satisfied with the external auditors' independence and objectivity.

(b) Review of financial statements

For FY2006, 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 related party transactions

The AC has reviewed related party transactions of the Group for FY2006 and reported its findings to the Board. Please refer to page 51 of the annual report for further details on the related party transactions of the Group for FY2006.

3.2 Internal Controls

Principle 12: Sound system of internal controls.

The AC is responsible for reviewing the adequacy of the Company's internal controls. Based on its review of internal controls, the AC is of the view that there are adequate internal controls in place.

3. Audit Committee ("AC") (cont'd)

3.3 Internal Audit

Principle 13: Setting up an independent internal audit function

In FY2006, the Company appointed Nexia TS Pte Ltd (**"Nexia"**), an external consultant, to conduct an internal audit of the Company so as to provide a comprehensive analysis of the business processes and the risks related to each process. Based on Nexia's internal audit report which was presented to and discussed with the AC, the Board is satisfied that the system of internal controls in place is in operation and is adequate and effective for the purpose for which it is designed.

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

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors. The RC comprises two 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 14 November 2006, the RC met to discuss and approve the following:

(i) Directors' remuneration packages; and

(ii) 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

Principle 8: Remuneration of directors should be adequate and not excessive.

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

Principle 9: Disclosure of remuneration policy, level and mix of remuneration and procedure for setting remuneration.

A breakdown of the level and mix of remuneration paid to each director in remuneration bands of S$250,000 for FY2006 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	67	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	5	Bonus	–
	Other benefits	–	Other benefits	21	Other benefits	–
Lee Tong Kuon	Salary	–	Salary	67	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	20	Other benefits	–
Kok Nyong Patt	Salary	–	Salary	67	Salary	–
	Fees*	–	Fees*	7	Fees*	–
	Bonus	–	Bonus	6	Bonus	–
	Other benefits	–	Other benefits	20	Other benefits	–
Chen Seow Phun, John	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 FY2006.

4. Remuneration Committee ("RC") (cont'd)

4.3 Disclosure on Remuneration (cont'd)

For FY2006, 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	%
Chiang Kian Ngee	Salary	93
	Bonus	4
	Other benefits	3
Oh Kok Thai	Salary	92
	Bonus	5
	Other benefits	3
Hau Ee Boon	Salary	87
	Bonus	6
	Other benefits	6
Hau Ee Beng	Salary	93
	Bonus	5
	Other benefits	2
Julia Chen-Kwok Yung Chu	Salary	86
	Bonus	6
	Other benefits	8

None of these employees of the Company who are related to directors of the Company and none of their remuneration exceeds S$150,000 for FY2006.

The Board has not included an annual remuneration report in its annual report for FY2006 (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

Principle 10: The Board should present a balanced and understandable assessment of Company's performance, position and prospects.

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. Communications with the Shareholders (cont'd)

5.2 Communications with Shareholders

Principle 14: Regular, effective and fair communication 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

Principle 15: Greater Shareholder participation at AGM

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

Distribution of Shareholdings

No. of Size of Shareholdings	Shareholders	%	No. of Shares	%
1 - 999	51	2.47	20,124	0.01
1,000 - 10,000	784	37.99	2,798,254	1.34
10,001 - 1,000,000	1,212	58.72	68,366,896	32.58
1,000,001 and above	17	0.82	138,635,426	66.07
TOTAL:	2,064	100.00	209,820,700	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Lee Tong Soon	23,528,226	11.21
2.	Kok Nyong Patt	22,815,225	10.87
3.	Lee Tong Kuon	22,252,725	10.61
4.	Ang Yu Seng	20,000,000	9.53
5.	Wang Chunlin	20,000,000	9.53
6.	Tee Yih Jia Food Manufacturing Pte Ltd	9,955,500	4.74
7.	Citibank Nominees Singapore Pte Ltd	4,526,000	2.16
8.	Maybank Nominees (S) Pte Ltd	2,581,000	1.23
9.	UOB Kay Hian Pte Ltd	2,276,000	1.08
10.	Seah Kee Khoo	2,000,000	0.95
11.	United Overseas Bank Nominees Pte Ltd	1,391,000	0.66
12.	Thian Yim Pheng	1,388,000	0.66
13.	Koh Ser Kiong	1,368,000	0.65
14.	DBS Nominees Pte Ltd	1,279,250	0.61
15.	Ng Cheng Huat	1,246,000	0.59
16.	OCBC Securities Private Ltd	1,027,500	0.49
17.	Kim Toon Private Limited	1,001,000	0.48
18.	Merrill Lynch (Singapore) Pte Ltd	946,250	0.45
19.	Ow Chio Kiat	911,000	0.43
20.	Yeo Seng Buck	838,000	0.40
TOTAL:		141,330,676	67.3

Shareholding Interests of the Substantial Shareholders as at 1 December 2006

	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]	23,528,226	–	23,528,226
Lee Tong Kuon[1]	22,252,725	–	22,252,725
Kok Nyong Patt	22,815,225	–	22,815,225
Wang Chun Lin	20,000,000	–	20,000,000
Ang Yu Seng	20,000,000	–	20,000,000
Goi Seng Hui[2]	724,000	9,955,500	10,679,500

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

(2) Mr Goi Seng Hui is deemed to be interested in the Shares held by Tee Yih Jia Food Manufacturing Pte Ltd.

Rules 723 of the SGX Listing Manual- Free Float

As at 1 December 2006, approximately 43.12% 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.

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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 Thai Village Sharksfin Restaurant, 22 Scotts Road, Goodwood Park Hotel, Singapore on Monday 22 January 2007 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 2006 together with the Directors' Report and Auditors' Report thereon **Resolution 1**

2. To approve Directors' fees of S$170,000 for the financial year ended 30 September 2006 (FY 2005: S$200,000) **Resolution 2**

3. To re-elect Mr Kok Nyong Patt who is retiring under Article 107 of the Articles of Association **Resolution 3**

4. To re-appoint Messrs Ernst & Young, Certified Public Accountants as auditors of the Company and to authorise the Directors to fix their remuneration **Resolution 4**

AS SPECIAL BUSINESS

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

5. 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 5

AS OTHER BUSINESS

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

BY ORDER OF THE BOARD

SUSAN KONG YIM PUI
GOH CHUI-LING MARILYN
Company Secretaries

29 December 2006
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) Resolution 5, 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.

THAI VILLAGE HOLDINGS LTD

(Incorporated in the Republic of Singapore)
Company Registration No.: 199905141N

I/We ____ (Name)

of ____ (Address)

being a member/members of the abovenamed Company hereby appoint:

Name	Address	NRIC/ Passport Number	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 Thai Village Sharksfin Restaurant, 22 Scotts Road, Goodwood Park Hotel, Singapore 228221 on Monday 22 January 2007 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 approve the payment of Directors' Fees		
3.	To re-elect Mr Kok Nyong Patt as a Director under Article 107		
4.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
5.	To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Chapter 50		

Dated this....................................... day of .... 2007.

No. of Shares Held

____

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

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.

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.

Fold along this line

The Company Secretary

THAI VILLAGE HOLDINGS LTD

Blk 1002 Tai Seng Avenue #01-2536, Singapore 534409

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