



## CONTENTS

- 1** Corporate Profile
- 2** Chairman's Statement
- 6** Board of Directors
- 7** Group Structure
- 8** Operations Review
- 12** Financial Highlights  
Corporate Information
- 13** Financial Report
- 48** Profile of Our Board of Directors
- 49** Profile of Our Executive Officers
- 50** Corporate Governance Report
- 60** Statistics of Shareholdings
- 62** Notice of Annual General Meeting
- 67** Proxy Form

## Corporate Profile

Thai Village Holdings Ltd, together with our subsidiaries, manages two key business segments – restaurant operations and restaurant management services. To date, we proudly own a chain of 10 self-managed restaurants and 12 franchise restaurants, catering to the expectations of discerning palates of sophisticated consumers.

Established in 1991 with our flagship Thai Village Sharkfin Restaurant in Singapore, we have grown steadily to regional capacity to become a benchmark for exquisite Thai-Teochew cuisine in Singapore, China and Indonesia. Our signature dish, the Braised Superior Shark's Fin soup, is served at all Thai Village restaurants. Today, we continue to whet appetites with our finest ingredients, delicate taste and outstanding service in the region, serving up Thai-Teochew delicacies to our customers.



## Chairman's Statement



Dear Shareholders,

The positive economic climate and new market opportunities in 2007 had contributed to the rejuvenation and growth of the Group. Following the restructuring exercise of the Group undertaken in FY2006, the Group improved its performance in the first half of FY2007, resulting in a net profit of S\$1.65 million for that period. At the end of FY2007, the Group recorded a healthy S\$2.62 million profit for FY2007 although revenue had decreased slightly by 4% compared to FY2006. This represents a marked improvement over our loss-making performance in FY2006.

In our continued efforts to evaluate our operations on a regional scale, we had relocated one of our Shanghai outlets in the People's Republic of China ("PRC") and upgraded our restaurant in Kunming, PRC.

The Group has emerged stronger and leaner and ready to usher the Thai Village brand into a new era. Our focus continues to be on increasing sales and our profitability, while improving labour productivity and cost efficiency.

### OUR GROWTH PALATE

There continues to be healthy interest in our franchise outlets as the Thai Village brand is synonymous with excellent Thai-Teochew cuisine and impeccable hospitality. We presently have

6 outlets and 11 franchise restaurants in the PRC, as well as a franchise restaurant in Indonesia. Our latest franchise outlet in Beijing, PRC, boasts a sizeable 60,000 square feet restaurant. This will put us in good stead to further our growth.

The Group is also enthusiastically exploring new markets and business opportunities. In promoting the overseas growth of local enterprises, trade and industry agency IE Singapore has helped us explore expansion possibilities in Japan. Discussions are currently underway for a presence in this new frontier. We recognise that Japan remains a challenging market to penetrate.

Our Oasis outlet has been relocated from the Oasis Building in December 2007 to a choice new location in the vicinity, the new Leisure Park Kallang. Our customers will be better served as this restaurant will be housed in a shopping and entertainment complex with ample car park space.

### STAFF MATTERS

The advent of Singapore's integrated resorts ("IRs") presents exciting possibilities for the extension of our presence on our homeground, both on the mainland and on Sentosa island. The Formula One Championship ("F1") to be held in 2008 is also another positive development which offers opportunities for further growth. We must prepare for the impending increase in tourist arrivals and related businesses.

“The Group has emerged stronger and leaner and ready to usher the Thai Village brand into a new era. Our focus continues to be on increasing sales and our profitability, while improving labour productivity and cost efficiency.”

Our staff will continue to undergo regular training programmes, allowing them to hone their skills in the kitchen and in the dining hall. Retaining talent with a good mix of incentives is a challenge as the market demand for food and beverage personnel is expected to surge in the run-up to the F1 and the opening of the IRs. Resulting pressures on wages will be an issue that we will have to address.

#### ACCOLADES

The Group is pleased to receive the Business Excellence Award organised by the Restaurant Association of Singapore and the Golden Brand Award from the International Brand Summit. These awards bear testament to our operating performance and continued commitment to provide fine-quality, attractively priced Thai-Teochew cuisine with customer-centric hospitality.



#### ACKNOWLEDGEMENTS

I would like to extend my heartfelt appreciation to our loyal customers, shareholders, staff and my fellow board members for their continued support and unwavering commitment. I would also like to thank Julia Kwok, who left the Group as Financial Controller, after having served for seven years for her hard work and dedication. We wish her the best in her future endeavours.

I am confident that the Group will continue to rise to the new challenges and opportunities in the next year ahead while retaining our brand of excellent culinary experience and unmatched quality of service. Together, we strive to be a leader in the culinary industry.

**Lee Tong Soon**

Chairman and Managing Director

## 主席致辞

亲爱的股东，

2007年的良好经济气候与全新市场商机促进了本集团的新生及增长。集团于2006财年实行重组计划后，改善了2007财年上半年的业绩，并在该期间创造了165万新元的净利润额。至2007财年底，虽然集团的全年利润与2006财年相比略为下滑了4个百分点，仍取得了262万新元的可观利润。这意味着2006财年的亏损情况已获得显著的改善。

我们一直致力于评估区域性业务。在这方面，我们已将位于中华人民共和国(“中国”)的一家上海分店迁移，并且翻新我们位于中国昆明的另一家酒楼。

如今，集团已蜕变成一家更强大、健全的企业，随时准备带领泰国村(Thai Village)品牌开创新纪元。我们将继续注重于提高销售额和利润，同时改善劳动生产率及成本效益。

### 我们的“美味”版图

投资商对购买我们的特许加盟权仍然表示有兴趣，因为泰国村品牌标榜着优质泰式潮州菜肴和无可挑剔的殷勤款待。我们目前在中国设有6家分店和11家加盟店；在印尼设有一家加盟店。我们在中国北京开设的最新加盟店占地面积庞大，共达6万平方英尺。这将有利于我们进一步发展。

本集团也在积极探索新市场和新商机。新加坡国际企业发展局(IE Singapore) – 贸易与工业部 – 在促进本地企业的海外发展的同时已协助我们探讨在日本扩展业务的可能性以及如何在这新领域中建立市场地位。商议已正在进行当中。我们也认为进军日本市场的确是一项艰巨的任务。

我们位于新加坡的海京楼分店已于2007年12月迁移到邻近的新地点：新的加冷娱乐广场(Leisure Park Kallang)。这家酒楼将坐落于一座拥有宽阔停车场的购物娱乐广场内，我们的顾客将在那儿享有更好的服务。

### 人事议题

新加坡综合娱乐城(IRs)的落实提供我们在本国内 – 包括本岛和圣淘沙岛 – 扩展业务的各种精彩商机。即将于2008年举办的世界一级方程式锦标赛(F1)也是另一个令人期待的发展项目，它将提供我们各种发展商机。我们必须对即将增长的旅客人数和相关业务做好准备。

我们的职员会继续接受定期培训课程，以便在厨房和餐厅内磨练技能。透过奖励配套留住人才是一项挑战，因为预计在F1锦标赛和综合娱乐城的筹备期间，就业市场对餐饮人员的需求会急速上升，而所造成的工薪压力会是我们迫切需要面对的问题。





“如今，集团已蜕变成一家更强大、健全的企业，随时准备带领泰国村(Thai Village)品牌开创新纪元。我们将继续注重于提高销售额和利润，同时改善劳动生产率及成本效益。”

#### 荣誉

本集团欣然荣获新加坡酒楼餐馆业公会(Restaurant Association of Singapore)和国际品牌峰会(International Brand Summit)分别颁发的《卓越商业奖》(Business Excellence Award)和《金字招牌奖》(Golden Brand Award)。这些殊荣见证了我们的优异营业实绩，也肯定了我们在提供优质且价格合理的泰式潮州菜肴，以及秉承以客为尊的理念方面所持续做出的贡献与努力。

#### 致谢

我衷心感谢我们忠诚的顾客、股东、职员以及我的董事会一直以来坚持不懈的支持与努力。我也特此感谢已辞去财务总监之职的郭荣珠小姐在这七年来以无私奉献的精神所付出的辛劳与汗水。我们诚心祝福她，希望她的未来将有更好的发展。

我深信本集团在来年会继续迎接新的挑战 and 机遇，同时保留我们品牌理念 – 卓越的用餐体验和无与伦比的优质服务。望大家携手共进，一同努力成为餐饮业的佼佼者。

#### 吕同顺

主席兼董事经理

## Board of Directors



**Dr John Chen Seow Phun**  
Independent Director

**Mr Chow Kok Kee**  
Independent Director

**Mr Lee Tong Soon**  
Chairman and  
Managing Director

**Mr Kok Nyong Patt**  
Executive Director

**Mr Lee Tong Kuon**  
Executive Director



## Group Structure

### THAI VILLAGE HOLDINGS LTD

THAI VILLAGE RESTAURANT SINGAPORE	THAI VILLAGE RESTAURANT PRC	UNIT FRANCHISES	
		CHINA	INDONESIA
Leisure Park Kallang	Shanghai, Pudong	Quanzhou	Surabaya
Goodwood Park	Shanghai, Xin Jin Qiao	Fengxian	
Jurong	Shanghai, Sunshine	Nanjing	
Changi Village	Shanghai, Manpo	Wuhan	
	Kunming	Changzhou	
	Beijing	Yangzhou	
		Xiamen	
		Zhengzhou	
		Yangpu	
		Wuhu	
		Beijing	



## Operations Review

### MOVING ON

The Group has recorded a profit after tax of S\$2.62 million for the current financial year as compared to a loss after tax of S\$1.84 million in FY2006. Despite the 4% decrease in total revenue of S\$1.6 million and continuous fierce competition in the food and beverage industry, the positive returns reflect the Group's successful move to close its under-performing outlets in People's Republic of China ("PRC") and Singapore, and restructure its operations in FY2006.

The first half of the financial year benefited from the business restructuring strategies and we achieved a net profit of S\$1.65 million. However, the relocation of the Shanghai outlet and the renovation of the Kunming outlet affected our revenue and profits for the second half of the financial year. Even so, the Group continues to generate positive cash flow from operations for FY2007 and our cash position remains healthy with a cash balance of \$18.76 million as at 30 September 2007.



### SINGAPORE

We are encouraged by the total sales of the Singapore outlets which saw an increase by about S\$800,000 as compared to the previous year. The franchise continues to be sought-after by entrepreneurs with a new agreement sealed in September 2007. Franchise income received in the current financial year has correspondingly increased as compared to FY2006. It reflects the strength of our brand and the confidence our customers have in us.

The Oasis outlet has been relocated to Leisure Park Kallang in December 2007 and sales are expected to be affected in the first few months of operation. We are however optimistic as the festive season beginning with Christmas to Chinese New Year in February 2008 bodes well for the food & beverage industry. The Group is planning to generate more revenue from this outlet through promotions and collaborations with credit card companies. Sales of other outlets are also anticipated to remain favourable for the coming 12 months.



We are confident that our flawless dining experience using the freshest ingredients, finest Thai-Teochew recipes, an impeccably affable service and delectable ambience will ensure success.

#### PEOPLE'S REPUBLIC OF CHINA & INDONESIA

Competition in the PRC market has been very intensive. Revenue generated from the PRC has reduced by S\$2.7 million (13%) in the current financial year as compared to FY2006. The decrease was mainly attributed to the closure of four under-performing outlets and temporary closure of two outlets for renovations.

Kunming outlet was officially reopened in August 2007 after renovations whilst the new outlet in Jin Qiao district, Shanghai has commenced operations in November 2007. Our new franchise outlet of 60,000 square feet in Beijing is scheduled to open for business by end of 2007 as well.

In addition, the Group will continue to receive royalty income from franchise outlet in Surabaya. Franchise outlet in Jakarta has ceased operation in October 2007. We will continue our effort to further enhance on our performance in both Singapore and the PRC to explore new opportunities for our expansion and diversification in the region.

## Operations Review

### SINGAPORE OUTLETS (新加坡分店)

Leisure Park Kallang 加冷娱乐广场 5 Stadium Walk, #01-50 Leisure Park Kallang, Singapore 397693  
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  
北京西路61号(新金桥广场内) 电话: (86) 21-62588585  
浦东潍坊路费尽号(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 电话: (86) 10-87730088  
华腾大厦二层206单元

■ Singapore

INDONESIA

■ Surabaya

# Your Royal Thai-Te



**CHINA FRANCHISES (中国加盟店)**

Shanghai 上海	奉贤南桥路1号 国定东路237号	电话: (86) 21-57429999-2188 电话: (86) 21-55221717
Fujian 福建	泉州市泉秀路五矿大厦 厦门市思明区会展南里134-139号	电话: (86) 595-22552022 电话: (86) 592-5913888
Jiangsu 江苏	南京林陵路108号 常州市怀德中45号中油国际大酒店四楼 扬州市丰乐上街1号(新泰大酒楼)	电话: (86) 25-84227188 电话: (86) 519-6808068 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
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
Beijing 北京	丰台区六里桥风荷曲苑2号楼	电话: (86) 10-52731777

**INDONESIA FRANCHISES (印尼加盟店)**

Surabaya 泗水	Mal Galaxy Lantai Satu, No. 107-109, Jl. Dharmahasada Indah Timur 37, Surabaya 60115 Tel: (62) 31-5937368 Fax: (62) 31-5937298
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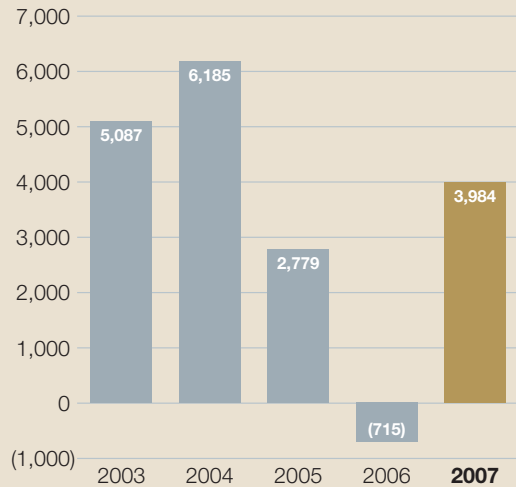


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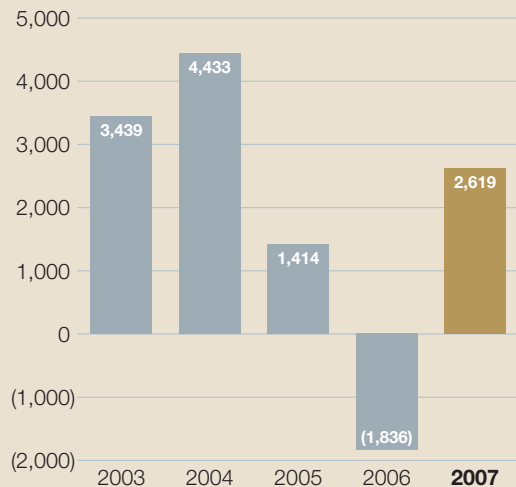


## Financial Highlights

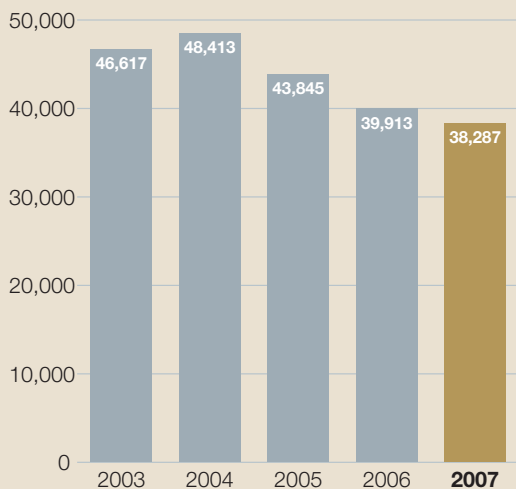
### PROFIT BEFORE TAXATION (S\$'000)



### PROFIT AFTER TAXATION (S\$'000)



### TURNOVER (S\$'000)



## Corporate Information

### BOARD OF DIRECTORS

Mr Lee Tong Soon  
*Chairman and 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*

Mrs Julia Chen-Kwok Yung Chu  
*Non-executive Director*  
*(Appointed on 1 December 2007)*

### JOINT COMPANY SECRETARIES

Ms Kong Yim Pui Susan  
*LLB (Hons.)*

Ms Goh Chui Ling Marilyn  
*LLB (Hons.)*

### REGISTERED OFFICE

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

### SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd  
*(formerly known as 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

# Financial Report

## **CONTENTS**

- 14** Report of the Directors
- 16** Statement by the Directors
- 17** Independent Auditors' Report
- 18** Balance Sheets
- 19** Consolidated Profit and Loss Account
- 20** Statements of Changes in Equity
- 21** Consolidated Statement of Cash Flow
- 22** Notes to the Financial Statements

## Report of the Directors

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 (collectively, the "Group"), and the balance sheet and the statement of changes in equity of the Company for the financial year ended 30 September 2007.

### DIRECTORS

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

Lee Tong Soon  
 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, Dr John Chen Seow Phun 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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares 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		
	1.10.2006	30.9.2007	21.10.2007	1.10.2006	30.9.2007	21.10.2007
<b>The Company</b>						
Lee Tong Soon <sup>(1)</sup>	23,382,226	23,528,226	23,528,226	–	–	–
Lee Tong Kuon <sup>(1)</sup>	22,252,725	22,252,725	22,252,725	–	–	–
Kok Nyong Patt	22,815,225	22,815,225	22,815,225	12,500 <sup>(2)</sup>	12,500 <sup>(2)</sup>	12,500 <sup>(2)</sup>
Dr John Chen Seow Phun	–	–	–	62,500 <sup>(3)</sup>	62,500 <sup>(3)</sup>	62,500 <sup>(3)</sup>

Note:

- <sup>(1)</sup> Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers;  
<sup>(2)</sup> 12,500 (2006: 12,500) shares are held in the name of Mdm Ho Choy Pheng, who is the spouse of Mr Kok Nyong Patt; and  
<sup>(3)</sup> 62,500 (2006: 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.

### OPTIONS

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



## Report of the Directors

### 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 reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance 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.

### 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  
28 November 2007

## Statement by the Directors

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 2007, and the results of the business, changes in equity and cash flows 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

28 November 2007

## Independent Auditors' Report to the Members of Thai Village Holdings Ltd

We have audited the accompanying financial statements of Thai Village Holdings Ltd (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 18 to 47, which comprise the balance sheets of the Group and the Company as at 30 September 2007, the statements of changes in equity of the Group and the Company, the profit and loss account and statement of cash flow of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITORS' RESPONSIBILITY**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **OPINION**

In our opinion,

- (i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of 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 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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  
28 November 2007

## Balance Sheets as at 30 September 2007

	Note	Group		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Non-current assets</b>					
Fixed assets	3	5,545	5,680	–	–
Investments in subsidiary companies	4	–	–	2,061	4,262
<b>Current assets</b>					
Stocks	5	2,292	2,555	–	–
Trade debtors	6	617	720	283	127
Other debtors and deposits	7	1,736	1,924	324	444
Prepayments		464	247	6	9
Amounts due from subsidiary companies (trade)	8	–	–	5,858	6,396
Amounts due from subsidiary companies (non-trade)	8	–	–	13,416	7,792
Fixed deposits	9	11,383	9,955	1,500	85
Cash and bank balances	9	7,376	6,022	868	622
		23,868	21,423	22,255	15,475
<b>Current liabilities</b>					
Trade creditors	10	1,252	1,554	–	–
Other creditors and accruals	11	2,875	2,504	404	472
Amounts due to subsidiary companies (non-trade)	8	–	–	130	133
Amounts due to directors	12	519	170	519	170
Finance lease obligations, current portion (secured)	13	93	128	–	–
Provision for taxation		507	622	166	19
		5,246	4,978	1,219	794
<b>Net current assets</b>		18,622	16,445	21,036	14,681
<b>Non-current liabilities</b>					
Finance lease obligations, non-current portion (secured)	13	306	492	–	–
Deferred taxation	14	274	276	–	–
<b>Net assets</b>		23,587	21,357	23,097	18,943
<b>Share capital and reserves</b>					
Share capital	15	14,593	14,933	14,593	14,933
Reserves		8,952	6,382	8,504	4,010
<b>Attributable to equity holders of the parent company</b>					
		23,545	21,315	23,097	18,943
Minority interests		42	42	–	–
<b>Total equity</b>		23,587	21,357	23,097	18,943

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

## Consolidated Profit and Loss Account for the financial year ended 30 September 2007

	Note	Group 2007 \$'000	Group 2006 \$'000
<b>Revenue</b>	16	38,287	39,913
Other operating income		131	906
Changes in stocks		(263)	(423)
Purchases		(15,031)	(16,692)
Personnel expenses	17	(9,701)	(9,871)
Depreciation of fixed assets	3	(1,197)	(1,533)
Foreign exchange loss, net		(16)	(290)
Other operating expenses		(8,504)	(12,998)
Finance income	18	327	295
Finance costs	19	(49)	(22)
<b>Profit/(loss) before taxation</b>	20	3,984	(715)
Taxation	21	(1,365)	(1,121)
<b>Profit/(loss) for the financial year</b>		2,619	(1,836)
<b>Attributable to:</b>			
Equity holders of the parent company		2,619	(1,766)
Minority interests		–	(70)
		2,619	(1,836)
<b>Basic earnings per share (cents)</b>	22	1.26	(0.84)
<b>Diluted earnings per share (cents)</b>	22	1.26	(0.84)

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

## Statements of Changes in Equity for the financial year ended 30 September 2007

	Note	Group		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Issued capital</b>					
	15				
Balance at beginning of financial year		14,933	10,491	14,933	10,491
Share buy-back		(340)	–	(340)	–
Transfer of share premium reserve to issued share capital account		–	4,442	–	4,442
Balance at end of financial year		14,593	14,933	14,593	14,933
<b>Share premium</b>					
Balance at beginning of financial year		–	4,442	–	4,442
Transfer of share premium reserve to issued share capital account		–	(4,442)	–	(4,442)
Balance at end of financial year		–	–	–	–
<b>Foreign currency translation reserves</b>					
	(a)				
Balance at beginning of financial year		(319)	(18)	–	–
Net translation differences arising during the financial year		(49)	(301)	–	–
Balance at end of financial year		(368)	(319)	–	–
<b>Revenue reserves</b>					
Balance at beginning of financial year		6,152	9,639	4,010	6,066
Profit/(loss) for the financial year		2,619	(1,766)	4,494	(378)
Transfer to reserve fund		(98)	(43)	–	–
Dividends on ordinary shares	23	–	(1,678)	–	(1,678)
Balance at end of financial year		8,673	6,152	8,504	4,010
<b>Reserve fund</b>					
	(b)				
Balance at beginning of financial year		549	506	–	–
Transfer from revenue reserves		98	43	–	–
Balance at end of financial year		647	549	–	–
<b>Total reserves attributable to equity holders of the parent company</b>					
		23,545	21,315	23,097	18,943
<b>Minority interests</b>					
Balance at beginning of financial year		42	183	–	–
Disposal of interest in a subsidiary company		–	(71)	–	–
Loss for the financial year		–	(70)	–	–
Balance at end of financial year		42	42	–	–
<b>Total equity</b>					
		23,587	21,357	23,097	18,943

(a) 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.

(b) 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.

## Consolidated Statement of Cash Flow for the financial year ended 30 September 2007

	Note	Group 2007 \$'000	Group 2006 \$'000
<b>Cash flow from operating activities</b>			
Profit/(loss) before taxation		3,984	(715)
Adjustments for:			
Bad debts written off (trade)		133	63
Allowance for doubtful debts (trade)		83	20
(Gain)/loss on disposal of fixed assets		(82)	1,037
Depreciation of fixed assets		1,197	1,533
Fixed assets written off		4	292
Gain on change of interest in a subsidiary company		–	(57)
Interest expense		49	22
Interest income		(327)	(295)
Exchange differences		(33)	(220)
<b>Operating profit before working capital changes</b>		<b>5,008</b>	<b>1,680</b>
Decrease/(increase) in:			
Stocks		263	423
Trade debtors		(113)	257
Other debtors, deposits and prepayments		(40)	1,119
(Decrease)/increase in:			
Trade creditors		(302)	336
Other creditors and accruals		451	(579)
Amounts due to directors		349	(30)
<b>Cash generated from operations</b>		<b>5,616</b>	<b>3,206</b>
Interest paid		(49)	(22)
Taxes paid, net		(1,560)	(1,619)
<b>Net cash generated from operating activities</b>		<b>4,007</b>	<b>1,565</b>
<b>Cash flow from investing activities</b>			
Interest received		338	256
Purchase of fixed assets		(1,080)	(956)
Proceeds from disposal of fixed assets		328	152
Repayment by a minority shareholder of a subsidiary company		–	150
<b>Net cash used in investing activities</b>		<b>(414)</b>	<b>(398)</b>
<b>Cash flow from financing activities</b>			
Payment of dividends to shareholders		–	(1,678)
Share buy-back		(340)	–
Repayment of finance lease obligations, net		(471)	(128)
<b>Net cash used in financing activities</b>		<b>(811)</b>	<b>(1,806)</b>
Net increase/(decrease) in cash and cash equivalents		2,782	(639)
Cash and cash equivalents at beginning of financial year		15,977	16,616
<b>Cash and cash equivalents at end of financial year</b>	24	<b>18,759</b>	<b>15,977</b>

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

## Notes to the Financial Statements 30 September 2007

### 1. CORPORATE INFORMATION

Thai Village Holdings Ltd (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and listed on the Singapore Exchange Securities Trading 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 companies within Thai Village Holdings Ltd group of companies.

### 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").

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated.

#### 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 as discussed below.

##### (a) Adoption of revised FRS

The Group and the Company adopted the following revised standards mandatory for annual periods beginning on or after 1 January 2006.

FRS 39 (revised) – Amendments relating to Fair Value Option

FRS 39 (revised) – Amendments relating to Financial Guarantee Contracts

The adoption of these standards did not result in any significant financial impact on the results and the revenue reserves of the Group and the Company for the financial year ended 30 September 2007.

##### (b) Adoption of new Interpretation of Financial Reporting Standards ("INT FRS")

The Group and the Company adopted the following INT FRS mandatory for annual financial periods beginning on or after 1 January 2006:

INT FRS 104 – Determining Whether an Arrangement Contains a Lease

The adoption of this new INT FRS did not have any material impact on the results and the revenue reserves of the Group and the Company for the financial year ended 30 September 2007.



## Notes to the Financial Statements 30 September 2007

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Changes in accounting policies (cont'd)****(c) FRS and 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 but not yet effective:

	<b>Effective date (Annual periods beginning on or after)</b>
FRS 1: Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 23: Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 40: Investment Property	1 January 2007
FRS 107: Financial Instruments: Disclosures	1 January 2007
FRS 108: Operating Segments	1 January 2009
INT FRS 110: Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111: Group and Treasury Share Transactions	1 March 2007
INT FRS 112: Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements of the Group and the Company in the period of initial application, except for the amendments to FRS 1, FRS 107 and FRS 108 as indicated below:

**(i) Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)**

The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply the amendment to FRS 1 from annual periods beginning 1 January 2007.

**(ii) FRS 107, Financial Instruments: Disclosures**

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Group will apply FRS 107 from annual periods beginning 1 January 2007.

**(iii) FRS 108, Operating Segments**

FRS 108 requires an entity to adopt a "management perspective approach" in reporting financial and descriptive information about its reportable segments. Financial information is required to be reported on the basis that it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. FRS 108 introduces additional segmental disclosures to be made to improve the information about operating segments. The Group will apply FRS 108 from annual periods beginning 1 January 2009.

**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.

## Notes to the Financial Statements 30 September 2007

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.3 Significant accounting estimates and judgements (cont'd)****(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 has exposures to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises 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 2007 approximated \$507,000 (2006: \$622,000) and \$166,000 (2006: \$19,000) respectively. The carrying amount of the Group's deferred taxation as at 30 September 2007 approximated \$274,000 (2006: \$276,000).

**(b) Critical judgements made in applying accounting policies**

The following is the judgement 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 assets*

The Group follows the guidance of FRS 36 and FRS 39 on determining when an asset is impaired. The determination requires significant judgement of, among other factors, the duration and extent to which the fair value of the asset is less than its carrying value; and the financial health of and near-term business outlook for the business operations or financial asset, including factors such as industry and sector performance, and operational and financing cash flow. As at 30 September 2007, there are no indications of impairment and the carrying amount of the Group's fixed assets was \$5,545,000 (2006: \$5,680,000).

**2.4 Functional and foreign currencies****(a) Functional currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

**(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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 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.

## Notes to the Financial Statements 30 September 2007

### 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 Singapore Dollars using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the 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.

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 2007. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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 interests.

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 the 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 subsidiary companies 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.

## Notes to the Financial Statements 30 September 2007

### 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 an asset begins when it is available for use and is calculated using the straight-line method to write off the cost of the asset over its estimated useful life as follows:

Leasehold properties	–	over their respective lease terms of 20 to 30 years
Furniture, fixtures and equipment	–	5 – 8 years
Kitchen and restaurant equipment	–	5 – 10 years
Motor vehicles	–	5 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 methods 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 half of the voting power, or controls the composition of the Board of Directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

#### 2.9 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.

## Notes to the Financial Statements 30 September 2007

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.10 Financial assets

Financial assets 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 recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of the financial assets after initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year-end.

#### **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, less any impairment losses. 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 classified the following financial assets as loans and receivables :

- trade and other debtors, including amounts due from subsidiary companies; and
- fixed deposits, and cash and bank balances.

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

#### 2.11 Impairment

##### (a) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a 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 flows discounted at the financial asset's original effective interest rate. 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 non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the Group makes 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.

## Notes to the Financial Statements 30 September 2007

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.11 Impairment (cont'd)

##### (b) Impairment of non-financial assets (cont'd)

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. Reversal of an impairment loss is recognised in the consolidated profit and loss account.

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

#### 2.12 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flow from the asset have expired.

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

#### 2.13 Trade and other debtors

An allowance is made for uncollectible amounts where there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

#### 2.14 Cash and cash equivalents

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

#### 2.15 Financial liabilities

Financial liabilities include trade creditors and other creditors, which are normally settled on 30 to 90 day terms, and amounts due to subsidiary companies and directors. Financial liabilities 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. Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs 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. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

#### 2.16 Provisions

Provisions are recognised when the Group has 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.

## Notes to the Financial Statements 30 September 2007

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.17 Leases

##### (a) 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.

##### (b) 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.

#### 2.18 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 subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax 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 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 subsidiary companies, 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.

## Notes to the Financial Statements 30 September 2007

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.18 Income taxes (cont'd)

##### (b) Deferred tax (cont'd)

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred 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 tax assets to be utilised.

Deferred 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.

##### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of debtors or creditors in the balance sheets.

#### 2.19 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) Franchise and royalty fees

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

##### (c) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

#### 2.20 Employee benefits

##### (a) Defined contribution plan

As required by law, the Group makes contributions 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) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the balance sheet date.

#### 2.21 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.



## Notes to the Financial Statements 30 September 2007

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.22 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 \$'000	Furniture, fixtures and equipment \$'000	Kitchen and restaurant equipment \$'000	Motor vehicles \$'000	Computers \$'000	Operating supplies \$'000	Total \$'000
<b>Cost</b>							
At 1 October 2005	2,812	7,187	1,519	1,177	379	142	13,216
Additions	–	576	181	73	124	2	956
Disposals	–	(1,840)	(505)	–	(81)	(19)	(2,445)
Write-offs	–	(421)	–	–	–	–	(421)
Translation differences	–	(149)	(33)	(8)	(9)	(4)	(203)
At 30 September 2006 and 1 October 2006	2,812	5,353	1,162	1,242	413	121	11,103
Additions	–	694	12	596	27	1	1,330
Disposals	–	(28)	(51)	(627)	(39)	(2)	(747)
Write-offs	–	(3)	–	(76)	(2)	–	(81)
Translation differences	–	(28)	(8)	(2)	(1)	–	(39)
At 30 September 2007	2,812	5,988	1,115	1,133	398	120	11,566
<b>Accumulated depreciation</b>							
At 1 October 2005	1,038	2,994	577	334	205	47	5,195
Charge for the financial year	114	802	190	237	147	43	1,533
Disposals	–	(930)	(121)	–	(4)	(19)	(1,074)
Write-offs	–	(129)	–	–	–	–	(129)
Translation differences	–	(107)	(11)	1	(2)	17	(102)
At 30 September 2006 and 1 October 2006	1,152	2,630	635	572	346	88	5,423
Charge for the financial year	114	660	129	234	56	4	1,197
Disposals	–	(28)	(51)	(381)	(39)	(2)	(501)
Write-offs	–	–	–	(76)	(1)	–	(77)
Translation differences	–	(18)	(3)	(2)	(1)	3	(21)
At 30 September 2007	1,266	3,244	710	347	361	93	6,021
<b>Net book value</b>							
At 30 September 2007	1,546	2,744	405	786	37	27	5,545
At 30 September 2006	1,660	2,723	527	670	67	33	5,680

## Notes to the Financial Statements 30 September 2007

**3. FIXED ASSETS (cont'd)**

Motor vehicles with net book value of approximately \$407,000 as at 30 September 2007 (2006: \$562,000) were acquired under finance leases.

In the current financial year, the Group acquired fixed assets amounting to \$1,330,000 (2006: \$956,000) of which \$250,000 (2006: \$Nil) 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	
	2007 \$'000	2006 \$'000
Unquoted equity shares, at cost:		
Balance at beginning of financial year	4,612	4,612
Adjustment to equity by subsidiary company through dividends declared	(2,201)	–
Addition during the financial year	*	*
	2,411	4,612
Allowance for impairment loss	(350)	(350)
Balance at end of financial year	2,061	4,262

\* Denotes amount less than \$1,000.

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

Name of company	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group		Cost of investment held by the Company	
			2007	2006	2007	2006
			%	%	\$'000	\$'000
<b>Held by the Company</b>						
Thai Village Sharksfin Restaurant Pte Ltd * <sup>(1)</sup>	Operation of restaurants	Republic of Singapore	100	100	2,061	4,262
Thai Village Overseas Ventures Pte Ltd <sup>(1)</sup>	Investment holding	Republic of Singapore	100	100	@	@
Thai Village Seafood Pte. Ltd. ## <sup>(1)</sup>	Dormant	Republic of Singapore	100	70	350	350
Thai Village (China) Pte. Ltd. <sup>(1)</sup>	Investment holding	Republic of Singapore	100	100	@	@

## Notes to the Financial Statements 30 September 2007

## 4. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group		Cost of investment held by the Company	
			2007	2006	2007	2006
			%	%	\$'000	\$'000
<b>Held by subsidiary companies</b>						
Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd <sup>(2)</sup>	Operation of restaurants	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd <sup>(3)</sup>	Operation of restaurants	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Beijing) Co., Ltd <sup>(4)</sup>	Operation of restaurants	People's Republic of China	100	100	–	–
Shanghai Thai Village Restaurant Management Co., Ltd # <sup>(5)</sup>	Operation and management of restaurants	People's Republic of China	93.75	93.75	–	–
Thai Village Sharksfin Restaurant (Qingdao) Co., Ltd <sup>(6)</sup>	In the process of liquidation	People's Republic of China	51	51	–	–
Shanghai Thai Village City Restaurant Co., Ltd <sup>(6)</sup>	Operation of restaurants	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Songjiang) Co., Ltd <sup>(2)</sup>	Liquidated	People's Republic of China	–	87.75	–	–
Food People Alliance Pte. Ltd. <sup>(1)</sup>	Investment holding	Republic of Singapore	51	51	–	–
Thai Village Sharksfin Restaurant (Hangzhou) Co., Ltd <sup>(7)</sup>	In the process of liquidation	People's Republic of China	100	100	–	–
Thai Village Sharksfin Restaurant (Jiading) Co., Ltd <sup>(2)</sup>	Liquidated	People's Republic of China	–	87.75	–	–
					2,411	4,612

## Notes to the Financial Statements 30 September 2007

**4. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)**

\* During the financial year, dividends amounting to approximately \$2,201,000 were paid out of the pre-acquisition reserves of Thai Village Sharksfin Restaurant Pte Ltd ("TVSR"). The dividends resulted in a reduction of the cost of investment held by the Company in TVSR.

# A subsidiary company, Thai Village Overseas Ventures Pte Ltd ("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.

In 2006, TVOV transferred the investment in Shanghai TV RMC to a related company, Thai Village (China) Pte. Ltd. ("TVC").

## On 15 June 2007, the Company terminated the joint venture agreement with Tenshou Trading Sdn Bhd ("Tenshou") in Thai Village Seafood Pte. Ltd. ("TV Seafood"). With the termination of the joint venture, Tenshou transferred its 150,000 ordinary shares in TV Seafood to the Company for a nominal amount of \$1.00.

Subsequent to the transfer, TV Seafood became a wholly-owned subsidiary company of the Company.

@ Cost of investment is less than \$1,000.

(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. STOCKS**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
At cost:		
Processed stocks	1,458	1,623
Raw and other materials	834	932
	<u>2,292</u>	<u>2,555</u>

## Notes to the Financial Statements 30 September 2007

**6. TRADE DEBTORS**

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade debtors	756	870	339	183
Allowance for doubtful debts	(139)	(150)	(56)	(56)
	617	720	283	127
Bad debts written off to profit and loss account (Note 20)	133	63	-	-

Included in the Group's and the Company's trade debtors are amounts of \$600,000 (2006: \$501,000) and \$317,000 (2006: \$170,000) denominated in Renminbi respectively.

**7. OTHER DEBTORS AND DEPOSITS**

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deposits	1,081	984	-	-
Advances to employees *	40	74	34	62
Tax recoverable	107	107	107	107
Interest receivable	47	58	-	-
Sundry debtors	461	701	183	275
	1,736	1,924	324	444

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

Included in the Group's and the Company's other debtors and deposits are amounts of \$996,000 (2006: \$1,011,000) and \$175,000 (2006: \$271,000) denominated in Renminbi respectively.

**8. 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 \$1,456,000 (2006: \$1,728,000) denominated in Renminbi.

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

## Notes to the Financial Statements 30 September 2007

**9. FIXED DEPOSITS, AND CASH AND BANK BALANCES****Group**

Fixed deposits with financial institutions mature within 3 to 12 (2006: 3 to 12) months from the financial year-end. Interest rates range from 1.70% to 3.40% (2006: 2.25% to 3.40%) per annum, which are also the effective interest rates.

Included in the Group's fixed deposits and bank balances are:

- (a) \$158,000 (2006: \$138,000) denominated in US dollars; and
- (b) \$4,326,000 (2006: \$4,768,000) denominated in Renminbi.

**Company**

Fixed deposits with financial institutions mature within 4 (2006: 4) months from the financial year-end. Interest rate is 2.25% (2006: 3.10%) per annum, which is also the effective interest rate.

Included in the Company's fixed deposits and bank balances are:

- (a) \$79,000 (2006: \$98,000) denominated in US dollars; and
- (b) \$310,000 (2006: \$60,000) denominated in Renminbi.

**10. TRADE CREDITORS****Group**

Included in the Group's trade creditors is an amount of \$775,000 (2006: \$540,000) denominated in Renminbi.

**11. OTHER CREDITORS AND ACCRUALS**

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Sundry creditors	612	582	270	251
Deferred income	1,537	1,145	–	–
Accrued personnel expenses	272	302	12	12
Other accrued operating expenses	454	475	122	209
	2,875	2,504	404	472

Included in the Group's other creditors and accruals is an amount of \$2,029,000 (2006: \$1,661,000) denominated in Renminbi.

**12. AMOUNTS DUE TO DIRECTORS****Group and Company**

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

## Notes to the Financial Statements 30 September 2007

**13. FINANCE LEASE OBLIGATIONS (SECURED)****Group**

The Group conducts a portion of its operations from leased motor vehicles. These leases are classified as finance leases and expire over the next 5 (2006: 6) 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 5.60% (2006: 4.30% to 5.20%) per annum.

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

	2007		2006	
	Minimum payments \$'000	Present value of payments \$'000	Minimum payments \$'000	Present value of payments \$'000
Within 1 year	107	93	150	128
Within 2 to 5 years	351	306	574	492
Total minimum lease payments	458	399	724	620
Less: Amounts representing finance charges	(59)	–	(104)	–
Present value of minimum lease payments	399	399	620	620
Disclosed as:				
Current		93		128
Non-current		306		492
		399		620

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

**14. DEFERRED TAXATION**

	Group	
	2007 \$'000	2006 \$'000
Deferred tax liabilities:		
Balance at beginning of financial year	276	313
Credit during the financial year (Note 21)	–	(31)
Translation differences	(2)	(6)
Balance at end of financial year	274	276
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	276	282
Translation differences	(2)	(6)
Net deferred tax liabilities	274	276
Deferred tax assets not recognised as at 30 September relate to the following:		
Unutilised tax losses	(69)	(31)

The Group did not recognise deferred tax assets approximating \$69,000 (2006: \$31,000), 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.

## Notes to the Financial Statements 30 September 2007

**15. SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Issued and fully paid-up:		
Balance at beginning of financial year 209,820,700 (2006: 209,820,700) ordinary shares	14,933	10,491
Share buy-back	(340)	–
Transfer of share premium reserve to issued share capital	–	4,442
Balance at end of financial year 207,748,700 (2006: 209,820,700) ordinary shares	<u>14,593</u>	<u>14,933</u>

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.

During the financial year, the Company re-purchased 2,072,000 shares for approximately \$340,000. The shares had been cancelled by the Company.

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.

**16. REVENUE**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Restaurant operations	37,623	39,379
Franchise and royalty fee income	664	534
	<u>38,287</u>	<u>39,913</u>

**17. PERSONNEL EXPENSES**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages, salaries, bonuses and allowances *	(8,456)	(8,595)
Contributions to defined contribution plans	(509)	(532)
Other personnel costs	(736)	(744)
	<u>(9,701)</u>	<u>(9,871)</u>

\* Includes directors’ fees and remuneration as disclosed in Note 26 to the financial statements.

**18. FINANCE INCOME**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income:		
Fixed deposits	275	235
Bank balances	52	60
	<u>327</u>	<u>295</u>



## Notes to the Financial Statements 30 September 2007

**19. FINANCE COSTS**

	Group	
	2007	2006
	\$'000	\$'000
Interest expense on finance lease obligations	(49)	(22)

**20. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation is stated after charging/(crediting) the following:

	Group	
	2007	2006
	\$'000	\$'000
Allowance for doubtful debts (trade)	83	20
Bad debts written off (trade) (Note 6)	133	63
Fixed assets written off	4	292
(Gain)/loss on disposal of fixed assets	(82)	1,037
Consumables expenses	281	430
Cleaning expenses	200	211
Travelling expenses	137	158
Printing and stationery	85	96
Telephone charges	99	118
Water and electricity expenses	1,023	1,369
Operating lease expenses	3,756	5,059
Gain on change of interest in a subsidiary company	–	(57)
Pre-operating expenses	–	27
Compensation received for the early termination of operating leases	–	(701)
Compensation paid for the early termination of operating leases	–	940

There is no remuneration (2006: \$Nil) paid to auditors for non-audit services.

**21. TAXATION**

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

	Group	
	2007	2006
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
On results for the financial year		
– Singapore taxation	673	525
– Overseas taxation	653	474
– Deferred tax credit (Note 14)	–	(31)
	1,326	968
Under/(over) provision in respect of prior years:		
– Singapore taxation	24	161
– Overseas taxation	15	(8)
	39	153
Total	1,365	1,121

## Notes to the Financial Statements 30 September 2007

**21. TAXATION (cont'd)**

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:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before taxation	3,984	(715)
Statutory tax expense at the statutory tax rate of 18% (2006: 20%)	717	(143)
Non-deductible expenses	409	461
Non-taxable income	(20)	(180)
Tax effect of unutilised losses expired due to deregistration	–	28
Effect of change in tax rate	(13)	–
Differences in foreign tax rates	223	201
Withholding tax	264	203
Deferred tax assets not recognised	41	551
Utilisation of tax losses brought forward	(44)	(96)
Double tax relief	(180)	(38)
Underprovision in respect of prior years	39	153
Tax rebate/exemption	(89)	(21)
Others	18	2
<b>Effective tax expense</b>	<b>1,365</b>	<b>1,121</b>

On 15 February 2007, the Singapore Government announced a revision in the Singapore corporate tax rate from 20% to 18%. This change takes effect from Year of Assessment 2008 and has been reflected in the provisions for current and deferred taxation.

As at 30 September 2007, the Group has unutilised tax losses carried forward from certain foreign subsidiary companies of approximately \$381,000 (2006: \$155,000), 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.

**22. EARNINGS PER SHARE****Group**

Both basic and diluted earnings per share are calculated by dividing the Group's net profit/(loss) attributable to equity holders of the Company of \$2,619,000 (2006: loss of \$1,766,000) by the weighted average number of shares in issue during the financial year of 208,239,705 (2006: 209,820,700) shares.

**23. DIVIDENDS ON ORDINARY SHARES****Group and Company**

No dividend was declared by the Group and the Company in respect of the financial year ended 30 September 2006.

During the financial year ended 30 September 2006, a final tax-exempt dividend of \$1,678,000, based on 0.8 cents per share, was paid in respect of the financial year ended 30 September 2005.

For the financial year ended 30 September 2007, the directors have proposed a special tax-exempt dividend of 3.0 cents per share and a final tax-exempt dividend of 1.0 cent per share, subject to shareholders' approval at the Annual General Meeting ("AGM").

## Notes to the Financial Statements 30 September 2007

**24. CASH AND CASH EQUIVALENTS**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	11,383	9,955
Cash and bank balances	7,376	6,022
	<b>18,759</b>	<b>15,977</b>

**25. COMMITMENTS****(a) Capital commitments**

The Group has capital commitments contracted for as at the balance sheet date but not recognised in the financial statements in respect of fixed assets amounting to \$348,000 (2006: \$Nil). This commitment relates to the renovation of a China subsidiary company's restaurant outlet.

**(b) 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 \$3,756,000 (2006: \$5,059,000) of which \$96,000 (2006: \$327,000) pertained to the contingent rents paid during the financial year.

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

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	3,521	2,682
Within 2 to 5 years	9,242	4,818
More than 5 years	1,384	1,083
	<b>14,147</b>	<b>8,583</b>

## Notes to the Financial Statements 30 September 2007

**26. 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:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' remuneration		
Directors' fees	220	170
Directors' remuneration	1,595	1,162
Contributions to defined contribution plans	39	25
	<b>1,854</b>	<b>1,357</b>
Key executive officers' remuneration		
Executive officers' remuneration	650	517
Contributions to defined contribution plans	54	42
	<b>704</b>	<b>559</b>
Remuneration paid to employees related to directors or substantial shareholders		
Employees' remuneration	281	265
Contributions to defined contribution plans	28	28
	<b>309</b>	<b>293</b>

**27. 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.

## Notes to the Financial Statements 30 September 2007

## 27. SEGMENT INFORMATION (cont'd)

2007	Restaurant operations \$'000	Restaurant management services \$'000	Eliminations \$'000	Group \$'000
Turnover				
– external sales	37,459	828	–	38,287
– inter-segment sales	2	9,105	(9,107)	–
	37,461	9,933	(9,107)	38,287
Results	9,510	6,197	(9,107)	6,600
Unallocated expenses				(2,894)
Profit from operating activities				3,706
Finance income				327
Finance costs				(49)
Taxation				(1,365)
Profit for the financial year				2,619
Attributable to:				
Equity holders of the parent company				2,619
Minority interests				–
				2,619
Assets	9,993	661	–	10,654
Unallocated assets				18,759
Total assets				29,413
Liabilities	3,701	426	–	4,127
Unallocated liabilities				1,699
Total liabilities				5,826
Capital expenditure	1,330	–	–	1,330
Depreciation of fixed assets	1,197	–	–	1,197
Bad debts written off (trade)	4	129	–	133
Allowance for doubtful debts (trade)	–	83	–	83
Gain on disposal of fixed assets	(82)	–	–	(82)
Fixed assets written off	4	–	–	4

## Notes to the Financial Statements 30 September 2007

## 27. SEGMENT INFORMATION (cont'd)

2006	Restaurant operations \$'000	Restaurant management services \$'000	Eliminations \$'000	Group \$'000
Turnover				
- external sales	39,379	534	-	39,913
- inter-segment sales	341	5,320	(5,661)	-
	39,720	5,854	(5,661)	39,913
Results	9,102	2,793	(5,661)	6,234
Unallocated expenses				(7,222)
Loss from operating activities				(988)
Finance income				295
Finance costs				(22)
Taxation				(1,121)
Loss for the financial year				(1,836)
Attributable to:				
Equity holders of the parent company				(1,766)
Minority interests				(70)
				(1,836)
Assets	10,488	638	-	11,126
Unallocated assets				15,977
Total assets				27,103
Liabilities	3,574	484	-	4,058
Unallocated liabilities				1,688
Total liabilities				5,746
Capital expenditure	956	-	-	956
Depreciation of fixed assets	1,533	-	-	1,533
Bad debts written off (trade)	63	-	-	63
Allowance for doubtful debts (trade)	-	20	-	20
Loss on disposal of fixed assets	1,037	-	-	1,037
Fixed assets written off	292	-	-	292

**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	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	20,992	19,877	21,332	18,621	651	351
People's Republic of China	17,295	20,036	8,081	8,482	679	605
	38,287	39,913	29,413	27,103	1,330	956

## Notes to the Financial Statements 30 September 2007

### 28. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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 provide liquidity 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 arise directly from its operations.

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.

#### ***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 asset 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 repayments 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 exposures namely in US Dollars and Renminbi.

Currently, the Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises. It is the policy of the Group not to trade in any foreign exchange 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 9 and 13 to the financial statements.

#### ***Liquidity risk***

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

### 29. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

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.

## Notes to the Financial Statements 30 September 2007

**29. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)*****Other debtors and deposits, other creditors and accruals, amounts due from/(to) subsidiary companies (non-trade), amounts due to directors, and finance lease obligations (current)***

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

***Fixed deposits, and cash and bank balances***

The carrying amounts of these balances approximate their 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:

	Note	2007		Group	
		Carrying amount \$'000	Estimated fair value \$'000	Carrying amount \$'000	2006 Estimated fair value \$'000
Finance lease obligations (non-current)	13	306	323	492	524

**30. DIRECTORS' REMUNERATION**

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

	2007	2006
\$500,000 to \$749,999	3	–
\$250,000 to \$499,999	–	3
Below \$250,000	2	2
	5	5

**31. COMPARATIVE INFORMATION**

(a) The comparative figures for 2006 have been rounded to the nearest thousand (\$'000) to conform to the current year's presentation.

(b) Certain prior year's comparatives have been reclassified to conform to the current year's presentation.

	2006 as restated			2006 as previously stated	
	Group \$'000	Company \$'000		Group \$'000	Company \$'000
Other debtors and deposits	1,924	444	Other debtors, deposits and prepayments	2,171	453
Prepayments	247	9	Prepayments	–	–
	2,171	453		2,171	453



## Notes to the Financial Statements 30 September 2007

**32. LEASEHOLD PROPERTIES**

<b>Location</b>	<b>Tenure</b>	<b>Owned by</b>	<b>Description/Usage</b>
<b>Singapore</b>			
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. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company for the financial year ended 30 September 2007 were authorised for issue in accordance with a resolution of the directors on 28 November 2007.

## Profile of Our Board of Directors

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

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

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

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

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

**Mrs Julia Chen-Kwok Yung Chu** was appointed as a Non-executive Director of the Company on 1 December 2007. She is currently the Chief Operating Officer and Executive Director of Singapore Raffles Music Conservatory Pte Ltd. A Certified Practising Accountant of CPA Australia, Mrs Julia Chen-Kwok holds a Bachelor of Economics from Monash University and has many years of professional accounting and management experience. Mrs Julia Chen-Kwok has been the Financial Controller responsible for finance and management functions for the Thai Village Group of Companies from 1999 to 30 September 2007. Prior to joining the Group in 1999, she has held various accounting positions with companies including Shell International Trading Company, Daly Smith Corporation Pty Ltd, IPL Daltron Sydney, Sembawang Industrial Manufacturing Pte Ltd and Price Waterhouse.

## Profile of Our Executive Officers

**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 Outlets 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 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 responsible for the operations and 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.

**Mdm Venetia Yong Chin Ching** is the Financial Controller for the Group and was appointed on 1 October 2007. As the Financial Controller, Mdm Yong is responsible for the finance and management reporting functions of the Group. She has many years of accounting and management experience. Prior to joining the Group in September 2006, she has held various finance and accounting positions within the Thakral Group of companies and Acer Group of companies and has also worked in audit. Mdm Yong is ACCA qualified and a CPA Singapore.

## Corporate Governance Report

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 six directors, three of whom are executive directors, and three are non-executive directors, two of whom are independent. The executive directors are Messrs. Lee Tong Soon, Lee Tong Kuon and Kok Nyong Patt. The non-executive directors are Dr John Chen Seow Phun and Mr Chow Kok Kee, both of whom are independent, and Mrs Julia Chen-Kwok Yung Chu. Mrs Julia Chen-Kwok was appointed to the Board on 1 December 2007.

The Board’s principal functions include, amongst 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, amongst 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 FY2007, the Board conducted two regular scheduled meetings. The Company’s Articles of Association (the “**Articles**”) allow Board meetings to be conducted by way of tele-conferencing, provided that the requisite quorum of at least two directors is present.

The number of Board and various board committee meetings held in FY2007 and the attendance of each Board member at those meetings are as follows:

Name	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	2	2	2	2	2	2	1	1
Lee Tong Kuon	2	2	2	–	2	–	1	–
Kok Nyong Patt	2	2	2	–	2	–	1	–
John Chen Seow Phun	2	2	2	2	2	2	1	1
Chow Kok Kee	2	2	2	2	2	2	1	1
Julia Chen-Kwok Yung Chu *	2	–	2	–	2	–	1	–

\* Appointed on 1 December 2007

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

## Corporate Governance Report

### 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 had appointed independent and non-executive director, Dr John Chen Seow Phun as the 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 inappropriate may contact Dr John Chen at the following email address:

Dr John Chen Seow Phun  
Email: john\_chen@thaivillagerestaurant.com.sg

#### 1.3 Access to information

##### **Principle 6: Complete, adequate and timely access to information**

For FY2007, 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 or as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company’s expense.

In FY2007, the company secretaries attended two AC meetings and two Board meetings. The company secretaries assist 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 John Chen Seow Phun. 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 reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group’s business activities, the current composition and size of the Board, and strives to ensure 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 are adequate processes for the appointment of new directors.

## Corporate Governance Report

### 2. NOMINATING COMMITTEE (“NC”) (cont’d)

#### 2.1 Board Membership (cont’d)

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 FY2007, the NC is of the view that:

- (a) the 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; and
- (c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations 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.

#### 2.2 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 a 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 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 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 non-executive directors benefit the Group, as the non-executive directors are able to bring with them the experience and knowledge obtained from such board representations in other companies.

## Corporate Governance Report

### 2. NOMINATING COMMITTEE (“NC”) (cont’d)

#### 2.2 Board Performance (cont’d)

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

<b>Name of Director</b>	Lee Tong Soon
<b>Shareholding in the Company (as at 13.12.2007)</b>	23,528,226 Shares (as set out on page 60 of the Annual Report)
<b>Board Committees Served</b>	Audit Committee (Member) Nominating Committee (Member)
<b>Date of first appointment as director</b>	15 November 1999
<b>Date of last re-election as director</b>	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.
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil

<b>Name of Director</b>	Lee Tong Kuon
<b>Shareholding in the Company (as at 13.12.2007)</b>	22,252,725 Shares (as set out on page 60 of the Annual Report)
<b>Board Committees Served</b>	Nil
<b>Date of first appointment as director</b>	15 November 1999
<b>Date of last re-election as director</b>	12 January 2006
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil

<b>Name of Director</b>	Kok Nyong Patt
<b>Shareholding in the Company (as at 13.12.2007)</b>	22,815,225 Shares (as set out on page 60 of the Annual Report) Mr Kok Nyong Patt is also deemed interested in 12,500 Shares held by his spouse.
<b>Board Committees Served</b>	Nil
<b>Date of first appointment as director</b>	15 November 1999
<b>Date of last re-election as director</b>	22 January 2007
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil

## Corporate Governance Report

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

## 2.2 Board Performance (cont'd)

<b>Name of Director</b>	John Chen Seow Phun
<b>Shareholding in the Company (as at 13.12.2007)</b>	Dr John Chen Seow Phun is deemed interested in 62,500 Shares held by his spouse.
<b>Board Committees Served</b>	Audit Committee (Chairman) Nominating Committee (Chairman) Remuneration Committee (Member)
<b>Date of first appointment as director</b>	13 December 2001
<b>Date of last re-election as director</b>	20 January 2005
<b>Present Directorships in other listed companies</b>	Hiap Seng Engineering Ltd OKP Holdings Ltd Hongguo International Holdings Limited PSC Corporation Ltd Matex International Limited HLH Group Limited Tat Seng Packaging Group Ltd Fu Yu Corporation Limited
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Intraco Ltd SNF Corporation Ltd

<b>Name of Director</b>	Chow Kok Kee
<b>Shareholding in the Company (as at 13.12.2007)</b>	Nil
<b>Board Committees Served</b>	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
<b>Date of first appointment as director</b>	18 March 2002
<b>Date of last re-election as director</b>	12 January 2006
<b>Present Directorships in other listed companies</b>	Chosen Holdings Ltd Innovalues Precision Ltd Meiban Group Ltd Sing Lun Holdings Ltd Tuan Sing Holdings Ltd Valuetronics Holdings Ltd
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Singapore Food Industries Ltd HLN Technologies Ltd ChinaCast Communication Hldgs Ltd

<b>Name of Director</b>	Julia Chen-Kwok Yung Chu
<b>Shareholding in the Company (as at 13.12.2007)</b>	75,000 Shares
<b>Board Committees Served</b>	Nil
<b>Date of first appointment as director</b>	1 December 2007
<b>Date of last re-election as director</b>	Up for re-election at the AGM on 29 January 2008
<b>Present Directorships in other listed companies</b>	Nil
<b>Past Directorships in other listed companies (within the last 3 years)</b>	Nil



## Corporate Governance Report

### 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 John Chen Seow Phun, Mr Chow Kok Kee, and Mr Lee Tong Soon. The chairman of the AC is Dr John 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. In view that the Group has just completed restructuring, it will review the composition of the AC to comply with the requirements of the Code at a later date. As the existing members of the AC have many years of accounting and financial management-related expertise and experience, the Board considers them to be 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 to and the 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 FY2007, the AC met twice. Details of the members' attendance at AC meetings in FY2007 are provided in Section 1.1 of this Report.

The AC performed the following functions in FY2007:

##### **(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 FY2007, 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 FY2007.

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.

## Corporate Governance Report

### 3. AUDIT COMMITTEE (“AC”) (cont’d)

#### 3.1 Audit Committee (cont’d)

##### (a) External auditors (cont’d)

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 FY2007, as the AC is satisfied with the external auditors’ independence and objectivity.

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting, or other matters whereby any reports are directed to the Chairman of the AC. The AC will be informed immediately of any whistle-blowing reports received.

##### (b) Review of financial statements

For FY2007, 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 FY2007 and reported its findings to the Board. Please refer to page 42 of the Annual Report for further details on the related party transactions of the Group for FY2007.

#### 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.

#### 3.3 Internal Audit

##### **Principle 13: Setting up an independent internal audit function**

In FY2007, the Company appointed Nexia TS Pte Ltd (“**Nexia TS**”), 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 TS’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 TS 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, both 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 management 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.

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.

## Corporate Governance Report

### 4. REMUNERATION COMMITTEE (“RC”) (cont’d)

#### 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 2007 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.

#### 4.3 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 FY2007 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	–	Salary	51
	Fees *	–	Fees *	–	Fees *	7
	Bonus	–	Bonus	–	Bonus	28
	Other benefits	–	Other benefits	–	Other benefits	14
Lee Tong Kuon	Salary	–	Salary	–	Salary	49
	Fees *	–	Fees *	–	Fees *	7
	Bonus	–	Bonus	–	Bonus	29
	Other benefits	–	Other benefits	–	Other benefits	15
Kok Nyong Patt	Salary	–	Salary	–	Salary	49
	Fees *	–	Fees *	–	Fees *	7
	Bonus	–	Bonus	–	Bonus	28
	Other benefits	–	Other benefits	–	Other benefits	15
John Chen Seow Phun	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	–
Julia Chen-Kwok Yung Chu	* Appointed on 1 December 2007.					

\* Fees are subject to the approval of the Shareholders at the AGM for FY2007.

## Corporate Governance Report

### 4. REMUNERATION COMMITTEE (“RC”) (cont’d)

#### 4.3 Disclosure on Remuneration (cont’d)

For FY2007, 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	85
	Bonus	10
	Other benefits	5
Oh Kok Thai	Salary	77
	Bonus	18
	Other benefits	5
Hau Ee Boon	Salary	78
	Bonus	17
	Other benefits	5
Andy Yun Tar Aun	Salary	82
	Bonus	7
	Other benefits	11
Hau Ee Beng	Salary	84
	Bonus	12
	Other benefits	4

None of these employees of the Company are related to directors of the Company and none of their remuneration exceeds S\$150,000 for FY2007.

The Board has not included a separate annual remuneration report in its annual report for FY2007 (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 are published via SGXNET on a half yearly basis. The Company may also, on an ad-hoc basis, hold media and analysts briefings and publish press releases of its financial results.

#### 5.2 Communications with Shareholders

**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.

## Corporate Governance Report

### 5. COMMUNICATIONS WITH THE SHAREHOLDERS (cont'd)

#### 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

## Statistics of Shareholdings as at 13 December 2007

Number of Shares: 207,748,700  
 Class of Shares: Ordinary Shares  
 Voting Rights: 1 vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	81	4.16	33,578	0.02
1,000 – 10,000	733	37.61	2,680,090	1.29
10,001 – 1,000,000	1,113	57.10	68,409,666	32.93
1,000,001 and above	22	1.13	136,625,366	65.76
<b>TOTAL</b>	<b>1,949</b>	<b>100.00</b>	<b>207,748,700</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Lee Tong Soon	23,528,226	11.33
2.	Kok Nyong Patt	22,815,225	10.98
3.	Lee Tong Kuon	22,252,725	10.71
4.	Raffles Nominees Pte Ltd	19,123,000	9.20
5.	Tee Yih Jia Food Manufacturing Pte Ltd	9,955,500	4.79
6.	Lim Tiong Kheng Steven	6,000,000	2.89
7.	United Overseas Bank Nominees Pte Ltd	5,861,750	2.82
8.	UOB Kay Hian Pte Ltd	3,567,000	1.72
9.	Phillip Securities Pte Ltd	2,724,190	1.31
10.	Ang Yu Seng	2,708,000	1.30
11.	HSBC (Singapore) Nominees Pte Ltd	2,485,000	1.20
12.	DBS Vickers Securities (S) Pte Ltd	2,240,000	1.08
13.	Chua Yew Chye	2,200,000	1.06
14.	OCBC Securities Private Ltd	2,016,750	0.97
15.	Tang Soi Lik	1,500,000	0.72
16.	Tan Siah Hwee	1,240,000	0.60
17.	Amfraser Securities Pte. Ltd.	1,200,000	0.58
18.	Singapore Nominees Pte Ltd	1,106,500	0.53
19.	DBS Nominees Pte Ltd	1,039,500	0.50
20.	Teo Lea Ken	1,031,000	0.50
<b>TOTAL</b>		<b>134,594,366</b>	<b>64.79</b>

## Statistics of Shareholdings as at 13 December 2007

### SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 13 DECEMBER 2007

Name	No. of Shares in which the the Substantial Shareholder has a direct interest	%	No. of Shares in which the the Substantial Shareholder is deemed to have an interest	%	No. of Shares/ Total Interest
Lee Tong Soon <sup>(1)</sup>	23,528,226	11.33	–	–	23,528,226
Lee Tong Kuon <sup>(1)</sup>	22,252,725	10.71	–	–	22,252,725
Kok Nyong Patt	22,815,225	10.98	12,500 <sup>(2)</sup>	0.01	22,827,725
Noble Asset Management Limited	–	–	19,633,000 <sup>(3)</sup>	9.45	19,633,000

<sup>(1)</sup> Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers.

<sup>(2)</sup> Mr Kok Nyong Patt is deemed to be interested in the 12,500 shares held by his spouse.

<sup>(3)</sup> Noble Asset Management is deemed to be interested in the shares held by Trent Limited and Stamford Global Event Driven Fund Limited.

### RULES 723 OF THE SGX LISTING MANUAL – FREE FLOAT

Based on the information available to the Company as at 13 December 2007, approximately 57.45% of the issued share capital of the Company was held in the hands of the public and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Thai Village Holdings Ltd will be held at Thai Village Sharksfin Restaurant, 5 Stadium Walk, #01-50 Leisure Park Kallang, Singapore 397693 on Tuesday 29 January 2008 at 3.00 p.m. to transact the following business:

### **AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 30 September 2007 together with the Directors' Report and Auditors' Report thereon **Resolution 1**
2. To approve Directors' fees of S\$220,000 for the financial year ended 30 September 2007 (FY2006: S\$170,000) **Resolution 2**
3. To approve the payment of a final dividend of S\$0.01 per share (tax exempt) for the financial year ended 30 September 2007 as recommended by the Directors **Resolution 3**
4. To approve the payment of a special dividend of S\$0.03 per share (tax exempt) for the financial year ended 30 September 2007 as recommended by the Directors **Resolution 4**
5. To re-elect Dr John Chen Seow Phun retiring under Article 107 of the Articles of Association **Resolution 5**
6. To re-elect Mrs Julia Chen-Kwok Yung Chu retiring under Article 117 of the Articles of Association **Resolution 6**
7. To re-appoint Messrs Ernst & Young, Certified Public Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration **Resolution 7**
8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.



## Notice of Annual General Meeting

### AS SPECIAL BUSINESS

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

9. 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 8**

10. IT WAS RESOLVED THAT:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (a) market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or
- (b) off-market purchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(2) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (a) the date on which the next Annual General Meeting of the Company is held; and
- (b) the date by which the next Annual General Meeting of the Company is required by law to be held;

## Notice of Annual General Meeting

(3) in this Resolution:

“Average Closing Price” means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

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

“Maximum Limit” means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares; and

“Share” means an ordinary share in the capital of the Company; and

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

### Resolution 9

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and the Register of Members of the Company will be closed on 15 February 2008 for the purpose of preparing dividend warrants. Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, up to 5.00 p.m. on 14 February 2008 will be registered to determine shareholders' entitlement to the proposed final and special dividends. The dividends, if approved at the Annual General Meeting, will be paid on 27 February 2008.

BY ORDER OF THE BOARD

**Susan Kong Yim Pui**  
**Goh Chui-Ling Marilyn**  
Company Secretaries

Singapore  
11 January 2008

## Notice of Annual General Meeting

### 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 not less than 48 hours before the time of the Meeting.

- (ii) Dr John Chen Seow Phun will, upon re-election as a Director of the Company, continue as the Chairman of the Audit Committee, the Chairman of the Nominating Committee and a member of the Remuneration Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (iii) Resolution 8, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to a maximum of fifty (50) percent of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.
- (iv) Resolution 9, if passed, will authorise the Company to adopt the Share Buyback Mandate and empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

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# Proxy Form

## 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 above-mentioned Company, hereby appoint:

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Thai Village Sharksfin Restaurant, 5 Stadium Walk, #01-50 Leisure Park Kallang, Singapore 397693 on Tuesday 29 January 2008 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.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast 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.)

No.	Ordinary Resolutions	For	Against
<b>Ordinary Business</b>			
1.	To adopt the Audited Accounts, Directors' Report and Auditors' Report		
2.	To approve the payment of Directors' Fees		
3.	To approve the payment of a final dividend of S\$0.01 per share (tax exempt)		
4.	To approve the payment of a special dividend of S\$0.03 per share (tax exempt)		
5.	To re-elect Dr John Chen Seow Phun as a Director under Article 107		
6.	To re-elect Mrs Julia Chen-Kwok Yung Chu as a Director under Article 117		
7.	To re-appoint Messrs Ernst & Young as Auditors and authorise Directors to fix their remuneration		
<b>Special Business</b>			
8.	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
9.	To adopt the Share Buyback Mandate and to authorise the Directors to exercise all power of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

**Total No. of Shares Held**

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**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 one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
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. 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 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such 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.

**GENERAL:**

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. 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.

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Affix  
Stamp  
Here

**The Company Secretary**

THAI VILLAGE HOLDINGS LTD  
Block 1002 Tai Seng Avenue #01-2536 Singapore 534409





**THAI VILLAGE HOLDINGS LTD**

Company Registration No. 199905141N

Block 1002 Tai Seng Avenue

#01-2536

Singapore 534409

Tel: 65 64876182

Fax: 65 64876183

[www.thaivillagerestaurant.com.sg](http://www.thaivillagerestaurant.com.sg)