泰國村控股有限公司
THAI VILLAGE
Holdings Ltd

# Leveraging on Opportunities

Annual Report 2008

# Our International Presence

## SINGAPORE OUTLETS (新加坡分店)

**Jurong 裕廊**

19 Yung Ho Road
Singapore 618592
Tel: (65) 6268 3885  Fax: (65) 6268 2006

**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

## FRANCHISE RESTAURANT (越南加盟店)

**Ho Chi Minh City 胡志明市**

36-38, Ly Tu Trong, District 1, Ho Chi Minh City
Socialist Republic of Vietnam
Tel: (84) 8 8256704/5  Fax: (84) 8 8256 706

## INDONESIA FRANCHISE (印尼加盟店)

**Surabaya 泗水**

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

## 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 |
| 北京西路61号(新金桥广场内) | 电话：(86) 21-62588585 |
| 蒲东潍坊路费尽号(嘉瑞酒店内) | 电话：(86) 21-62548282 |

**Kunming 昆明**

| | |
|---|---|
| 昆明市东风西路87号 | 电话：(86) 871-3641851 |

**Beijing 北京**

| | |
|---|---|
| 北京市朝阳区劲松三区甲302号<br>华腾大厦二层206单元 | 电话：(86) 10-87730088 |

## CHINA FRANCHISES (中国加盟店)

**Shanghai 上海**

| | |
|---|---|
| 奉贤南桥路1号 | 电话：(86) 21-57429999-2188 |
| 国定东路237号 | 电话：(86) 21-55221717 |

**Fujian 福建**

| | |
|---|---|
| 泉州市泉秀路五矿大厦 | 电话：(86) 595-22552022 |
| 厦门市思明区会展南里134-139号 | 电话：(86) 592-5913888 |

**Hubei 湖北**

| | |
|---|---|
| 武汉市汉口黄浦大街27号(中国大酒店) | 电话：(86) 27-82427779 |
| 武汉市汉口江按岸区江仪路 118号<br>(港澳中心商务酒店内) | 电话：(86) 27-68822751 |

**Jiangsu 江苏**

| | |
|---|---|
| 南京秣陵路108号 | 电话：(86) 25-84227188 |
| 常州市怀德中45号中油国际大酒店四楼 | 电话：(86) 519-6808068 |
| 扬州市丰乐上街1号(新泰大酒楼) | 电话：(86) 514-7937977 |

**Anhui 安徽**

| | |
|---|---|
| 芜湖市北京东路1号世纪花园 | 电话：(86) 553-3120988 |

**Beijing 北京**

| | |
|---|---|
| 丰台区六里桥风荷曲苑2号楼 | 电话：(86) 10-52731777 |

## CONTENTS

Recognising that our Group's future will be largely shaped by our ability to determine new channels of growth and our capacity to capitalise on them, we avail ourselves to strategic synergies to increase our earnings base, optimise our businesses and ring up positive results.

## About Thai Village

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 8 self-managed restaurants and 13 franchise restaurants, catering to the expectations of discerning palates of sophisticated consumers.

Established in 1991 with our flagship Thai Village Sharksfin Restaurant in Singapore, we have grown steadily in 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 Message

## In order to successfully compete, the Group has continued to differentiate itself with an emphasis on the authenticity of the dishes served, and to explore business opportunities.

Dear Shareholders,

We achieved fair underlying financial performance despite the particularly challenging market conditions which prevailed throughout the year. In the first half of FY2008, our turnover remained steady. By the financial year-end, we recorded a slight decline of 3% in total revenue.

As I reflect upon the events of the last 12 months, our strategy was to achieve long-term growth. Diversification was on the cards, as was the need to continue creating value for our customers due to the negative impact of the global financial crisis on consumer spending and confidence.

### BRAND VALUE

Since 1991, the chain of Thai Village Restaurants has enjoyed good brand ethos. Our focus on quality food and warm hospitality has attracted interest from new markets. In April 2008, we entered into a franchise agreement with Barista Jack Limited to operate a restaurant serving Thai-Teochew cuisine under the name of "Thai Village" in Ho Chi Minh City.

We continued to be prudent in our operations. Many in our industry share similar concerns of increasing ingredient, manpower, rental and utilities costs. During FY2008, we experienced non-recurring expenses due to the closure of Changi Village and Oasis outlets, and one-off setup expenses for the new outlet at Kallang Leisure Park. Depending on market developments, this consolidation process will continue.

In addition to the new Vietnam franchise, our chain of restaurants now includes 3 outlets in Singapore, 5 self-managed outlets in the PRC, 1 franchise restaurant in Indonesia, and 11 franchised restaurants in the PRC.

## THE WAY FORWARD

With Singapore's commitment to attract visitor arrivals, and generate tourism receipts of S$30 million by 2015, the food and beverage industry is geared up to become more vibrant and creative. In order to successfully compete, the Group has continued to differentiate itself with an emphasis on the authenticity of the dishes served, and to explore business opportunities.

The proposed acquisition of the entire issued and paid up capital of Sunwealth Group Limited and Campus Developments Limited announced on 23 July 2008 is in progress and we will make further announcements as and when required.

## HUMAN CAPITAL DEVELOPMENT

We have always invested in our human capital and are constantly looking at ways to reinvent ourselves. Our staff are supported and encouraged to upgrade themselves through skills training and lifelong learning. This has benefited us through improved employee engagement and heightened loyalty. We believe it continues to translate to better customer service leading to more satisfied customers.

## COMMITMENT

The Group will continue to focus on improving the performance of our outlets and seeking expansion opportunities with strategic partners. We are committed to enhancing shareholder value and will continue to leverage on market opportunities.

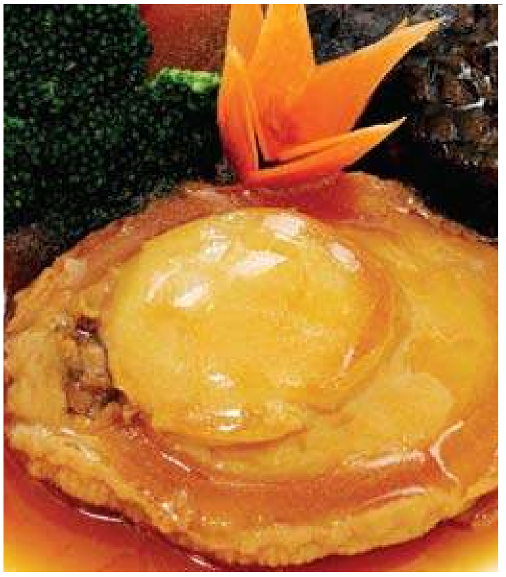
We wish to extend our heartfelt thanks and gratitude to our customers, business partners, and shareholders for sharing our goals, aspirations and dreams. Your support and encouragement has been invaluable this past year and we hope that this trust will be with us as we move towards a brand new year.

On behalf of the board, I would also like to thank the management and staff for their hard work, effort and support through the years.

**Lee Tong Soon**
Chairman and Managing Director

# 主席致辞

## 为了在竞争中占得先机，本集团继续以强调供应正宗地道的菜肴而独树一帜，站稳市场脚步并开发新的商机。



亲爱的股东，

虽然今年的整个市场环境特别艰辛，但我们仍达成稳定的财务业绩。2008 财年上半年，我们的营业额仍然保持稳健。截至 2008 财年底，我们的总营收略微下滑了 3%。

综观过去 12 个月的局势发展，我们的策略是要达成长期的成长。由于全球金融危机使消费者支出和信心均受到负面影响，因此我们或将朝向多样化的经营方式发展，并且需要继续为顾客创造价值。

### 品牌价值

泰国村连锁餐厅成立于 1991 年，现已成为一个知名的餐饮品牌。我们对餐饮品质的高要求以及宾至如归的服务态度吸引新市场对我们的兴趣。2008 年 4 月，我们与 Barista Jack Limited 签订了特许加盟协议，开始在越南胡志民市以“泰国村”品牌开设餐厅，提供泰式潮州菜肴。

我们继续秉持谨慎的经营策略。与我们多数的同业一样，我们同样面临材料、人力、租金及水电成本不断增加的问题。2008 财年，我们因为结束了樟宜村 (Changi Village) 和 Oasis 分店的营业而产生一次性费用，以及因为在加冷娱乐广场 (Kallang Leisure Park) 成立新的分店而产生一次性设立开支。我们将根据市场的发展方向，继续进行此类整合行动。

除了越南的新增特许加盟店之外，我们的连锁餐厅现有新加坡的 3 家分店、中国的 5 家自营分店、印尼的 1 家特许加盟店以及中国的 11 家特许加盟店。

## 未来展望

由于新加坡致力于吸引更多的观光客到访并且希望在2015年前创造 3000 万新元的旅游业收入，因此餐饮业必须展现更多的活力与创意来吸引观光客。为了在竞争中占得先机，本集团继续以强调供应正宗地道的菜肴而独树一帜，站稳市场脚步并开发新的商机。

本集团于 2008 年 7 月 23 日宣布将收购 Sunwealth Group Limited 和 Campus Developments Limited 的全部发行资本和已缴资本，此收购事宜正在进行当中，我们将适时根据需要发布进一步的消息。

## 人事议题

我们一向对人力资本的投资不遗余力，并不断寻求重新开发自我的途径。我们鼓励并支持员工经由技能培训和终身学习等方式不断进行自我提升。这极大地提升了员工的敬业度和忠诚度，从而使我们受益。我们相信这将使我们的客服质量持续改善，并带来顾客满意度的提升。

## 承诺

集团将继续致力于提高各分店的业绩，并寻求与策略伙伴合作拓展业务的机会。我们承诺将为股东创造更多获利，并将继续开发市场商机。

我们谨在此向我们的顾客、业务伙伴及股东表达最诚挚的谢意，感谢您一路以来伴随我们的目标、志向与梦想前进。在过去的一年，您的支持与鼓励我们铭记在心，并期待您能依然保持对我们的信任，共同迈入崭新的一年。

我也代表董事会，感谢管理团队及所有员工多年来的辛勤工作、努力和支持。

**吕同顺**
主席兼董事经理

# Operations Review

## To sustain our long-term growth, we identified new markets and sought new businesses.

Total turnover of the Group has reduced 3% to S$37.17 million as compared to S$38.29 million in the previous financial year due to the closure of two under-performing outlets during the year. The Group has achieved a profit after tax of S$2.38 million for the current financial year despite fixed assets written off of about S$0.59 million upon closure of the outlets. There were one-off set-up costs of S$0.1 million incurred by the Leisure Park outlet. The Group had managed to weather the challenging environment to emerge with a marginal decline in net profit.

To sustain our long-term growth, we identified new markets and sought new businesses. We continued to refurbish selected outlets to further complement the premium food and impeccable service that have become our trademark of excellence.

### STRONG BALANCE SHEET

The Group enjoyed a strong balance sheet, being relatively debt-free, and demonstrated a net cash per share of approximately 6.67 cents. Fixed assets remain at about S$5.55 million as compared to the S$5.6 million in FY2007.

Net cash generated from operating activities had increased 29% as compared to the previous period mainly due to better management of working capital. Overall, our net cash as at end FY2008 experienced a reduction of S$4.91 million over the previous year mainly due a dividend payout of S$8.30 million during the financial year.

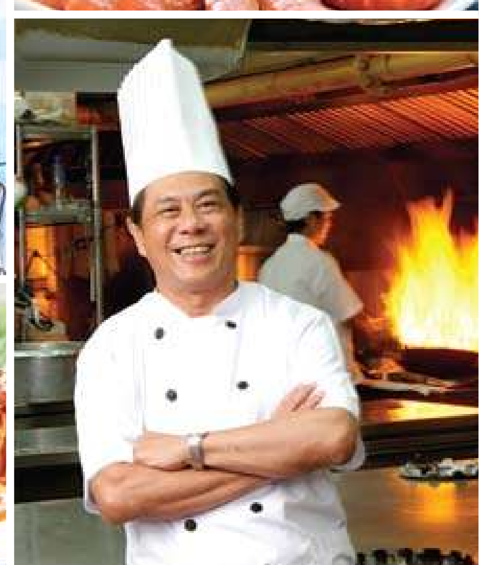
## SINGAPORE

Total sales of the Singapore outlets has decreased by about S$1.8 million as compared to the previous year mainly due to closure of our outlet in Changi Village. Gross profit margin has improved slightly as compared to FY2007. The Group had spent S$0.80 million on renovation at the Leisure Park outlet to create the perfect ambience for families and executives dining out. Our restaurants are a favourite with executives who enjoy a good business lunch.

## OVERSEAS

The PRC saw a S$0.67 million increase in revenue despite intense competition. The increase in revenue was mostly due to increase in sales in Pudong and Sunshine outlets. To increase margins, the Group will provide the necessary support and publicity with focus on brand building in order for its restaurants to command a premium. Renovations had also been carried out to cater to customers' needs and wants. A merger of functionality and aesthetics with tradition underlines the Group's philosophy. Tax expenses in the PRC have reduced due to the reversal of deferred tax and the decrease in income tax rate from 33% in the previous year to 25% in the current year.

A new franchise agreement was signed in March 2008 and the franchise outlet commenced operations in November 2008. We are optimistic that our new franchise agreement with Barista Jack Limited to operate restaurants serving Thai-Teochew cuisine in Ho Chi Minh City will have good beginnings. The franchising industry is flourishing in Vietnam, just like China, with faster growth than Japan and the Republic of Korea. It is a marketing haven for franchisees, with pull factors of a young market with high economic growth and stable politics. Our franchise outlet in Jakarta ceased operations during the financial year due to poor performance.



# 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

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### Mr Lee Tong Soon

Chairman and Managing Director

He 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

Executive Director

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

Executive Director

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

Independent Director

He was appointed as an Independent Director of the Company in December 2001. He is the Managing Director of JCL Business Development Pte Ltd and the Chairman of SAC Capital Pte Ltd. He also sits on the Board of a number of listed companies. He was the Assistant Secretary General of the NTUC from 1991 to 1997 and served as the Deputy Chairman and Managing Director of the NTUC Healthcare Co-op Ltd from 1992 to 1997. Dr Chen was a Member of Parliament from September 1988 to April 2006. 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

Independent Director

He was appointed in March 2002. He is currently the 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

Non-executive Director

She was appointed 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.

# Key Executives

**Mr Maxtein Oh Kok Thai**

Group General Manager

As the General Manager of the Group, he is responsible for overseeing the general functions of the Group which includes operations, regional business development, administration and human resource. Prior to joining the Group in August 1997, Mr Oh was a F & B Outlet Manager with Conrad International Centennial Singapore. He has 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. He was with the Westin Stamford and the Westin Plaza from 1987 to 1992.

**Mr Kenny Chiang Kian Nee**

Regional General Manager

He is responsible for the operations and business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining 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**

Financial Controller

She 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.

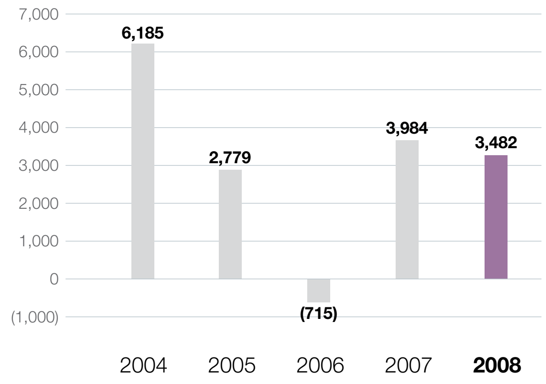
# Group Structure

**THAI VILLAGE HOLDINGS LTD**

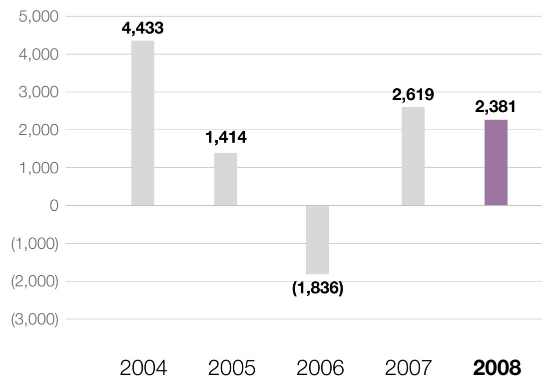
- **THAI VILLAGE RESTAURANT SINGAPORE**
  - Leisure Park Kallang
  - Jurong
  - Goodwood Park
- **THAI VILLAGE RESTAURANT PRC**
  - Shanghai, Pudong
  - Shanghai, Xin Jin Qiao
  - Shanghai, Sunshine
  - Kunming
  - Beijing
- **UNIT FRANCHISES**
  - Vietnam
    - Ho Chi Minh City
  - Indonesia
    - Surabaya
  - China
    - Quanzhou
    - Nanjing
    - Changzhou
    - Xiamen
    - Yangpu
    - Fengxian
    - Wuhan
    - Yangzhou
    - Zhengzhou
    - Wuhu
    - Beijing

# Financial Highlights

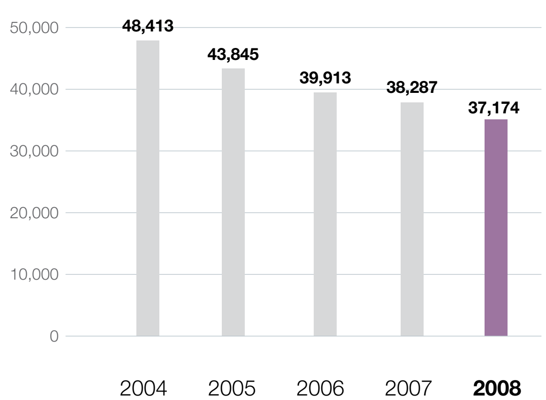
## PROFIT BEFORE TAXATION (S$'000)




## 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*

## 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@thaivillagerestaurant.com.sg
Website: www.thaivillagerestaurant.com.sg

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street #08-01, Samsung Hub
Singapore 049483

## AUDITORS

Ernst & Young LLP
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

# Directors' Report

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") for the financial year ended 30 September 2008, the balance sheet of the Company as at 30 September 2008, and the statement of changes in equity of the Company for the financial year ended 30 September 2008.

## 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
Julia Chen-Kwok Yung Chu (Appointed on 1 December 2007)

In accordance with Article 107 of the Company's Articles of Association, Lee Tong Kuon and Chow Kok Kee retire and being eligible, offer themselves 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 (the "Act"), interests in the shares of the Company and related companies, as stated below:

| | Direct interests | | | Deemed interests | | |
|---|---|---|---|---|---|---|
| | **1.10.2007** | **30.9.2008** | **21.10.2008** | **1.10.2007** | **30.9.2008** | **21.10.2008** |
| **The Company** | | | | | | |
| Lee Tong Soon[1] | 23,528,226 | 23,528,226 | 23,528,226 | 12,500[2] | 12,500[2] | 12,500[2] |
| Lee Tong Kuon[1] | 22,252,725 | 22,252,725 | 22,252,725 | 247,500[3] | 247,500[3] | 247,500[3] |
| Kok Nyong Patt | 22,815,225 | 22,815,225 | 22,815,225 | 12,500[4] | 12,500[4] | 12,500[4] |
| Dr John Chen Seow Phun | – | – | – | 62,500[5] | 62,500[5] | 62,500[5] |
| Julia Chen-Kwok Yung Chu | 75,000 | 55,000 | 55,000 | – | – | – |

Note:

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

(2) 12,500 (2007: 12,500) shares are held in the name of Mdm Lim Teck Eng, who is the spouse of Mr Lee Tong Soon;

(3) 247,500 (2007: 247,500) shares are held in the name of Mr Lee Shiet Shiong, who is the son of Mr Lee Tong Kuon;

(4) 12,500 (2007: 12,500) shares are held in the name of Mdm Ho Choy Pheng, who is the spouse of Mr Kok Nyong Patt; and

(5) 62,500 (2007: 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 interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year, or on 21 October 2008.

# Directors' Report

## 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.

## SHARE OPTIONS

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

## AUDIT COMMITTEE

The Audit Committee ("AC") carries out its functions in accordance with Section 201(B)(5) of the Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and review 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 the cost effectiveness, independence and objectivity of the external auditors;

- Reviews the nature and extent of non-audit services provided by 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;

- 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;

- 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 interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual;

- 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 AC; and

- Reports actions and minutes of the AC to the Board of directors with such recommendations as the AC considers appropriate.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened 2 meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

# Directors' Report

## AUDITORS

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

On behalf of the Board of Directors,

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

**Kok Nyong Patt**
*Executive Director*

Singapore
24 November 2008

# Statement by 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 income statement, statements of changes in equity, and consolidated statement of cash flow, together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 2008, and the results of the business, changes in equity and cash flow of the Group, and the changes in equity of the Company for the financial year then ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

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

**Kok Nyong Patt**
*Executive Director*

Singapore
24 November 2008

# 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 19 to 56, which comprise the balance sheets of the Group and the Company as at 30 September 2008, the statements of changes in equity of the Group and the Company, the income statement and the statement of cash flow of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; 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 auditors' 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 management, 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 2008, and the results, changes in equity and cash flow of the Group, and the changes in equity of the Company for the financial year then ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**Ernst & Young LLP**

*Public Accountants and Certified Public Accountants*

Singapore
24 November 2008

# Balance Sheets
as at 30 September 2008

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 5,564 | 5,545 | – | – |
| Investments in subsidiary companies | 5 | – | – | 2,061 | 2,061 |
| | | 5,564 | 5,545 | 2,061 | 2,061 |
| **Current assets** | | | | | |
| Stocks | 6 | 2,668 | 2,292 | – | – |
| Trade debtors | 7 | 397 | 617 | 130 | 283 |
| Other debtors and deposits | 8 | 1,338 | 1,736 | 22 | 324 |
| Prepayments | | 279 | 464 | 16 | 6 |
| Amounts due from subsidiary companies (trade) | 9 | – | – | 6,708 | 5,858 |
| Amounts due from subsidiary companies (non-trade) | 9 | – | – | 9,145 | 13,416 |
| Fixed deposits | 10 | 7,546 | 11,383 | – | 1,500 |
| Cash and bank balances | 10 | 6,303 | 7,376 | 567 | 868 |
| | | 18,531 | 23,868 | 16,588 | 22,255 |
| **Total assets** | | 24,095 | 29,413 | 18,649 | 24,316 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade creditors | 11 | 1,283 | 1,252 | – | – |
| Other creditors and accruals | 12 | 3,462 | 2,875 | 669 | 404 |
| Amounts due to subsidiary companies (non-trade) | 9 | – | – | 136 | 130 |
| Amounts due to directors | 13 | 514 | 519 | 514 | 519 |
| Finance lease obligations, current portion (secured) | 14 | 50 | 93 | – | – |
| Income tax payable | | 626 | 507 | 336 | 166 |
| | | 5,935 | 5,246 | 1,655 | 1,219 |
| **Net current assets** | | 12,596 | 18,622 | 14,933 | 21,036 |
| **Non-current liabilities** | | | | | |
| Finance lease obligations, non-current portion (secured) | 14 | 117 | 306 | – | – |
| Deferred tax liabilities | 15 | 128 | 274 | – | – |
| Deferred rental | | 28 | – | – | – |
| | | 273 | 580 | – | – |
| **Total liabilities** | | 6,208 | 5,826 | 1,655 | 1,219 |
| **Net assets** | | 17,887 | 23,587 | 16,994 | 23,097 |

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

# Balance Sheets
as at 30 September 2008

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Equity attributable to equity holders of the parent company** | | | | | |
| Share capital | 16 | 14,593 | 14,593 | 14,593 | 14,593 |
| Reserve fund | 17 | 695 | 647 | – | – |
| Revenue reserve | | 2,696 | 8,673 | 2,401 | 8,504 |
| Foreign currency translation reserve | 18 | (139) | (368) | – | – |
| | | 17,845 | 23,545 | 16,994 | 23,097 |
| Minority interests | | 42 | 42 | – | – |
| **Total equity** | | 17,887 | 23,587 | 16,994 | 23,097 |
| **Total equity and liabilities** | | 24,095 | 29,413 | 18,649 | 24,316 |

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

# Consolidated Income Statement

for the financial year ended 30 September 2008

| | Note | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|---|
| **Revenue** | 19 | 37,174 | 38,287 |
| **Other items of income** | | | |
| Interest income | 20 | 192 | 327 |
| Other income | | 426 | 131 |
| **Items of expense** | | | |
| Purchases | | (14,725) | (15,031) |
| Changes in stocks | | 376 | (263) |
| Personnel expenses | 21 | (9,175) | (9,701) |
| Depreciation expense | 4 | (1,286) | (1,197) |
| Net foreign exchange gain/(loss) | | 111 | (16) |
| Finance costs | 22 | (23) | (49) |
| Other expenses | | (9,588) | (8,504) |
| **Profit before taxation** | 23 | 3,482 | 3,984 |
| Income tax expense | 15 | (1,101) | (1,365) |
| **Profit for the financial year** | | 2,381 | 2,619 |
| **Attributable to:** | | | |
| Equity holders of the parent company | | 2,381 | 2,619 |
| Minority interests | | – | – |
| | | 2,381 | 2,619 |
| **Earnings per share attributable to equity holders of the parent company (cents per share)** | 24 | | |
| Basic | | 1.15 | 1.26 |
| Diluted | | 1.15 | 1.26 |

*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 2008

| | | Attributable to equity holders of the parent company | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Share capital (Note 16) $'000 | Reserve fund (Note 17) $'000 | Revenue reserve $'000 | Foreign currency translation reserve (Note 18) $'000 | Minority interests $'000 | Total equity $'000 |
| **Group** | | | | | | | |
| **2008** | | | | | | | |
| Balance as at 1 October 2007 | | 14,593 | 647 | 8,673 | (368) | 42 | 23,587 |
| Foreign currency translation | 18 | – | – | – | 229 | – | 229 |
| Net income recognised directly in equity | | – | – | – | 229 | – | 229 |
| Profit for the financial year | | – | – | 2,381 | – | – | 2,381 |
| Total recognised income and expense for the year | | – | – | 2,381 | 229 | – | 2,610 |
| Transfer to reserve fund | 17 | – | 48 | (48) | – | – | – |
| Dividends on ordinary shares | 25 | – | – | (8,310) | – | – | (8,310) |
| Balance at 30 September 2008 | | 14,593 | 695 | 2,696 | (139) | 42 | 17,887 |
| **2007** | | | | | | | |
| Balance as at 1 October 2006 | | 14,933 | 549 | 6,152 | (319) | 42 | 21,357 |
| Foreign currency translation | 18 | – | – | – | (49) | – | (49) |
| Net income recognised directly in equity | | – | – | – | (49) | – | (49) |
| Profit for the financial year | | – | – | 2,619 | – | – | 2,619 |
| Total recognised income and expense for the year | | – | – | 2,619 | (49) | – | 2,570 |
| Share buy-back | 16 | (340) | – | – | – | – | (340) |
| Transfer to reserve fund | 17 | – | 98 | (98) | – | – | – |
| Balance at 30 September 2007 and 1 October 2007 | | 14,593 | 647 | 8,673 | (368) | 42 | 23,587 |

*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 2008

| | Note | Share capital (Note 16) $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2008** | | | | |
| Balance as at 1 October 2007 | | 14,593 | 8,504 | 23,097 |
| Profit for the financial year | | – | 2,207 | 2,207 |
| Dividends on ordinary shares | 25 | – | (8,310) | (8,310) |
| Balance as at 30 September 2008 | | 14,593 | 2,401 | 16,994 |
| **2007** | | | | |
| Balance as at 1 October 2006 | | 14,933 | 4,010 | 18,943 |
| Profit for the financial year | | – | 4,494 | 4,494 |
| Share buy-back | 16 | (340) | – | (340) |
| Balance as at 30 September 2007 and 1 October 2007 | | 14,593 | 8,504 | 23,097 |

*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 2008

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| **Cash flow from operating activities** | | |
| Profit before taxation | 3,482 | 3,984 |
| Adjustments for: | | |
| Bad debts written off (trade) | 121 | 153 |
| Impairment loss on doubtful debts (trade) | 136 | 63 |
| Gain on disposal of property, plant and equipment | (82) | (82) |
| Depreciation of property, plant and equipment | 1,286 | 1,197 |
| Property, plant and equipment written off | 597 | 4 |
| Interest expense | 23 | 49 |
| Interest income | (192) | (327) |
| Loss on liquidation of a subsidiary company | 10 | – |
| Stocks written down to net realisable value | 6 | – |
| Exchange differences | 177 | (33) |
| **Operating profit before working capital changes** | 5,564 | 5,008 |
| Changes in working capital: | | |
| (Increase)/decrease in stocks | (382) | 263 |
| Increase in trade debtors | (37) | (113) |
| Decrease/(increase) in other debtors, deposits and prepayments | 514 | (40) |
| Increase/(decrease) in trade creditors | 31 | (302) |
| Increase in other creditors and accruals | 501 | 451 |
| (Decrease)/increase in amounts due to directors | (5) | 349 |
| **Cash generated from operations** | 6,186 | 5,616 |
| Interest paid | (23) | (49) |
| Income taxes paid, net | (1,013) | (1,560) |
| **Net cash flow generated from operating activities** | 5,150 | 4,007 |
| | | |
| **Cash flow from investing activities** | | |
| Interest received | 223 | 338 |
| Purchase of property, plant and equipment | (1,973) | (1,080) |
| Proceeds from disposal of property, plant and equipment | 232 | 328 |
| **Net cash flow used in investing activities** | (1,518) | (414) |
| | | |
| **Cash flow from financing activities** | | |
| Payment of dividends to shareholders | (8,310) | – |
| Repayment of finance lease obligations, net | (232) | (471) |
| Share buy-back | – | (340) |
| **Net cash flow used in financing activities** | (8,542) | (811) |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | (4,910) | 2,782 |
| Cash and cash equivalents at beginning of financial year | 18,759 | 15,977 |
| **Cash and cash equivalents at end of financial year (Note 10)** | 13,849 | 18,759 |

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

# Notes to the Financial Statements
– 30 September 2008

## 1. CORPORATE INFORMATION

Thai Village Holdings Ltd (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and is 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 5 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 the 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) unless otherwise indicated.

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

*FRS 107, Financial Instruments: Disclosures and Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)*

FRS 107 introduces new disclosures to improve the information on 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 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 has applied FRS 107 and Amendment to FRS 1 from financial year beginning 1 October 2007.

### 2.2 Future changes in accounting policies

The Group and the Company have not applied the following relevant FRS and INT FRS that have been issued but not yet effective:

| | | | **Effective date (Annual periods beginning on or after)** |
|---|---|---|---|
| FRS 1 | : | Presentation of Financial Statements – Revised Presentation | 1 January 2009 |
| FRS 23 | : | Amendment to FRS 23, Borrowing Costs | 1 January 2009 |
| FRS 108 | : | Operating Segments | 1 January 2009 |
| INT FRS 113 | : | Customer Loyalty Programmes | 1 July 2008 |

# Notes to the Financial Statements

– 30 September 2008

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

### 2.2 Future changes in accounting policies (cont'd)

The adoption of the above pronouncements is not expected to have significant impact on the financial statements in the period of initial application, except for FRS 1, FRS 108 and INT FRS 113 as indicated below:

***(i) FRS 1 (revised), Presentation of Financial Statements – Revised Presentation***

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

***(ii) FRS 23, Borrowing Costs***

FRS 23 has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of FRS 23, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009.

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

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

***(iv) INT FRS 113, Customer Loyalty Programmes***

INT FRS 113 requires loyalty award credits to be accounted for as a separate component of the sales transactions in which they are granted. The fair value of the consideration received is allocated to the loyalty award credits and the amount is deferred until the awards are redeemed or no longer expected to be redeemed.

The change in accounting policy is to be applied retrospectively. The Group expects the adoption of INT FRS 113 to result in a decrease in the Group's revenue and profit after taxation and an increase in deferred revenue and corresponding decrease in net assets of the Group.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as 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 2008. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary companies are accounted for by applying the purchase method. 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.

# Notes to the Financial Statements
– 30 September 2008

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

### 2.3 Basis of consolidation (cont'd)

Subsidiary companies are 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.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the consolidated balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised as income in the consolidated income statement on the date of acquisition.

### 2.4 Transactions with minority interests

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 income statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Transactions with minority interests are accounted for using the parent entity extension method, whereby on acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill on consolidation. Any excess of the share of net assets acquired over the consideration paid is recognised in the consolidated income statement. Gain or loss on disposal to minority interests is recognised in the consolidated income statement.

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

### 2.5 Foreign currency

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 income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary company.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the deferred cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the consolidated income statement.

# Notes to the Financial Statements

– 30 September 2008

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

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured 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 income statement. 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 income statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### 2.7 Depreciation

Depreciation of an asset begins when it is available for use, and is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | | |
|---|---|---|
| Leasehold properties | – | over 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 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 property, plant and equipment.

Fully depreciated property, plant and equipment 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 an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

### 2.9 Stocks

Stocks are valued at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for 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 2008

## 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 classified and 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.

A financial asset is derecognised when the contractual right to receive cash flow from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the consolidated income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

*Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, and 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 of assets

The Group assesses at each balance sheet date whether there is any objective evidence that an asset or a group of assets is impaired.

***(a) Impairment of financial assets***

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow 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 income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

# Notes to the Financial Statements

– 30 September 2008

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

### 2.11 Impairment of assets (cont'd)

#### *(a) Impairment of financial assets (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 income statement, 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 Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, 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. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the consolidated income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 increase 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. Such reversal is recognised in the consolidated income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

The Group and the Company do not reverse, in a subsequent period, any impairment loss previously recognised.

### 2.12 Financial liabilities

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, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or impaired, and through amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the consolidated income statement. Net gains or losses on derivatives include exchange differences.

# Notes to the Financial Statements

– 30 September 2008

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

### 2.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

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 will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.14 Leases

*As lessee*

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 income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in the consolidated income statement 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.

### 2.15 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 all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability 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;

- In respect of temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unutilised tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unutilised tax losses can be utilised.

# Notes to the Financial Statements

– 30 September 2008

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

### 2.15 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.

Deferred taxes are recognised in the consolidated income statement, except that deferred tax relating to items recognised directly in equity, is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### *(c) Sales tax*

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

- Where the sales tax incurred on 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.

### 2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

#### *(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 when the services are rendered. Royalty fees are recognised on an accrual basis.

#### *(c) Interest income*

Interest income is recognised using the effective interest method.

# Notes to the Financial Statements

– 30 September 2008

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

### 2.17 Employee benefits

#### *(a) Defined contribution plans*

The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is performed.

#### *(b) Employee leave entitlement*

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

### 2.18 Borrowing costs

Borrowing costs are recognised in the consolidated income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

### 2.19 Related parties

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

### 2.20 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other segments.

A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment.

Segment information is presented in respect of the Group's business and geographical segments. The primary format 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.

### 2.21 Contingency

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liability is not recognised on the balance sheet of the Group.

# Notes to the Financial Statements

– 30 September 2008

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*Income taxes*

The Group has exposures to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide 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 amounts of the Group’s and the Company’s income tax payables as at 30 September 2008 approximated $626,000 (2007: $507,000) and $336,000 (2007: $166,000) respectively. The carrying amount of the Group’s deferred tax liabilities as at 30 September 2008 approximated $128,000 (2007: $274,000).

*Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences selling prices for goods and services and of the country whose competitive forces and regulations mainly determines the selling prices of its goods and services. The functional currencies of the entities in the Group are determined based on management’s assessment of the economic environment in which the entities operate and the entities’ process of determining selling prices.

### 3.2 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:

*Useful lives of property, plant and equipment*

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 30 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

*Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment annually and at other times when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flow from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

*Impairment of loans and receivables*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

# Notes to the Financial Statements
– 30 September 2008

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### 3.2 Key sources of estimation uncertainty (cont'd)

*Impairment of loans and receivables (cont'd)*

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in various notes to the financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold properties $'000 | Furniture, fixtures and equipment $'000 | Kitchen and restaurant equipment $'000 | Motor vehicles $'000 | Computers $'000 | Operating supplies $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance as at 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) |
| Balance as at 30 September 2007 and 1 October 2007 | 2,812 | 5,988 | 1,115 | 1,133 | 398 | 120 | 11,566 |
| Additions | – | 1,323 | 243 | 380 | 27 | – | 1,973 |
| Disposals | – | (18) | (33) | (358) | (8) | – | (417) |
| Write-offs | – | (1,553) | (213) | (2) | (144) | (97) | (2,009) |
| Reclassifications | – | (39) | 39 | 2 | (5) | 3 | – |
| Translation differences | – | 174 | 29 | 7 | 6 | * | 216 |
| Balance as at 30 September 2008 | 2,812 | 5,875 | 1,180 | 1,162 | 274 | 26 | 11,329 |
| **Accumulated depreciation** | | | | | | | |
| Balance as at 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) |
| Balance as at 30 September 2007 and 1 October 2007 | 1,266 | 3,244 | 710 | 347 | 361 | 93 | 6,021 |
| Charge for the financial year | 114 | 809 | 112 | 224 | 25 | 2 | 1,286 |
| Disposals | – | (14) | (7) | (239) | (7) | – | (267) |
| Write-offs | – | (1,069) | (123) | – | (144) | (76) | (1,412) |
| Reclassifications | – | (39) | 39 | – | (3) | 3 | – |
| Translation differences | – | 107 | 20 | 7 | 2 | 1 | 137 |
| Balance as at 30 September 2008 | 1,380 | 3,038 | 751 | 339 | 234 | 23 | 5,765 |
| **Net book value** | | | | | | | |
| Balance as at 30 September 2008 | 1,432 | 2,837 | 429 | 823 | 40 | 3 | 5,564 |
| Balance as at 30 September 2007 | 1,546 | 2,744 | 405 | 786 | 37 | 27 | 5,545 |

* Denotes amount less than $1,000.

# Notes to the Financial Statements

– 30 September 2008

## 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

***Assets held under finance leases***

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of Nil (2007: $250,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $1,973,000 (2007: $1,080,000).

The carrying amount of motor vehicles held under finance leases amounted to $189,000 (2007: $407,000) as at the balance sheet date.

***Impairment of property, plant and equipment***

During the financial year, an impairment assessment was carried out on the Group's property, plant and equipment by reviewing the recoverable amounts of the property, plant and equipment. The assessment had led to management's conclusion that no impairment loss was required to be recognised.

***Leasehold properties***

| Location | Tenure | Owned by | Description/ Usage |
|---|---|---|---|
| **Singapore** | | | |
| No. 19 Yung Ho Road Singapore 618592 | 20 years leasehold commencing 18 December 1996 | Thai Village Sharksfin Restaurant Pte Ltd | Operation of restaurant |
| Block 1002 Tai Seng Avenue #01-2536 Singapore 534409 | 30 years leasehold commencing 16 April 1998 | Thai Village Sharksfin Restaurant Pte Ltd | Office and warehouse |

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES

| | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|
| Unquoted equity shares, at cost: | | |
| Balance as at 1 October | 2,411 | 4,612 |
| Adjustment to equity by subsidiary company through dividends declared | – | (2,201) |
| Addition during the financial year | – | * |
| | 2,411 | 2,411 |
| Allowance for impairment loss | (350) | (350) |
| Balance as at 30 September | 2,061 | 2,061 |

* Denotes amount less than $1,000.

In 2007, an impairment loss of $350,000 was recognised for a subsidiary company because the Company considered that the subsidiary company would not be able to generate profits in the near future to recover the Company's interest therein.

# Notes to the Financial Statements
– 30 September 2008

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

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 | |
|---|---|---|---|---|---|---|
| | | | 2008 | 2007 | 2008 | 2007 |
| | | | % | % | $'000 | $'000 |
| **Held by the Company** | | | | | | |
| Thai Village Sharksfin Restaurant Pte Ltd[1] | Operation of restaurants | Republic of Singapore | 100 | 100 | 2,061 | 2,061 |
| Thai Village Overseas Ventures Pte Ltd[1] | Investment holding | Republic of Singapore | 100 | 100 | @ | @ |
| Thai Village Seafood Pte. Ltd.[1] | Dormant | Republic of Singapore | 100 | 100 | 350 | 350 |
| Thai Village (China) Pte. Ltd.[1] | Investment holding | Republic of Singapore | 100 | 100 | @ | @ |
| **Held by Thai Village Overseas Ventures Pte Ltd** | | | | | | |
| Thai Village Sharksfin Restaurant (Beijing) Co., Ltd[4] | Operation of restaurants | People's Republic of China | 100 | 100 | – | – |
| Food People Alliance Pte. Ltd.[1] | Investment holding | Republic of Singapore | 51 | 51 | – | – |
| Thai Village Sharksfin Restaurant (Hangzhou) Co., Ltd## [2] | Liquidated<br>China | People's Republic of | – | 100 | – | – |
| Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd[3] | Operation of restaurants | People's Republic of China | 100 | 100 | – | – |

# Notes to the Financial Statements

– 30 September 2008

### 5. 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 | |
|---|---|---|---|---|---|---|
| | | | 2008 % | 2007 % | 2008 $'000 | 2007 $'000 |
| **Held by Thai Village (China) Pte. Ltd.** | | | | | | |
| Shanghai Thai Village Restaurant Management Co., Ltd[#] [(5)] | Operation and management of restaurants | People's Republic of China | 93.75 | 93.75 | – | – |
| Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd[(5)] | Operation of restaurants | People's Republic of China | 100 | 100 | – | – |
| Shanghai Thai Village City Restaurant Co., Ltd[(5)] | Operation of restaurants | People's Republic of China | 100 | 100 | – | – |
| **Held by Food People Alliance Pte. Ltd.** | | | | | | |
| Thai Village Sharksfin Restaurant (Qingdao) Co., Ltd[(6)] | In the process of liquidation | People's Republic of China | 51 | 51 | – | – |
| | | | | | 2,411 | 2,411 |

[#] A subsidiary company, Thai Village (China) Pte. Ltd. ("TVC"), 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 TVC's investment entity in the People's Republic of China. Under the terms of the CJV Agreement, TVC 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 TVC 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 February 2008, Thai Village Sharksfin Restaurant (Hangzhou) Co., Ltd has been liquidated.

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

[(1)] Audited by Ernst & Young LLP, Singapore.

[(2)] Audited by Zhejiang Hanrui Certified Public Accountants Co., Ltd.

[(3)] Audited by Kunming Quance Certified Public Accountants.

[(4)] Audited by Beijing Jingyu Certified Public Accountants Co., Ltd.

[(5)] Audited by Nexia HDDY Certified Public Accountants (Shanghai) Co., Ltd.

[(6)] Audited by Zhenqing Certified Public Accountants Co., Ltd.

# Notes to the Financial Statements

– 30 September 2008

## 6. STOCKS

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| **Balance sheet** | | |
| Processed stocks | 1,857 | 1,458 |
| Raw and other materials | 811 | 834 |
| | 2,668 | 2,292 |
| **Income statement** | | |
| Stocks recognised as an expense | | |
| Stocks written down to net realisable value | 6 | – |

## 7. TRADE DEBTORS

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade debtors | 589 | 756 | 255 | 339 |
| Impairment of doubtful debts | (192) | (139) | (125) | (56) |
| | 397 | 617 | 130 | 283 |
| Bad debts written off to income statement (Note 23) | 121 | 153 | – | 60 |

Included in trade debtors of the Group and of the Company are amounts of $341,000 (2007: $600,000) and $128,000 (2007: $317,000) denominated in Renminbi respectively.

Trade debtors are non-interest bearing and are generally on 30 to 90 days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

***Receivables that are past due but not impaired***

The Group and the Company have trade debtors amounting to $397,000 (2007: $617,000) and $130,000 (2007: $283,000) respectively that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Less than 30 days | 156 | 160 | 14 | 14 |
| 30 to 60 days | 61 | 107 | 14 | 12 |
| 61 to 90 days | 59 | 16 | 13 | 13 |
| More than 90 days | 121 | 334 | 89 | 244 |
| | 397 | 617 | 130 | 283 |

# Notes to the Financial Statements
– 30 September 2008

## 7. TRADE DEBTORS (cont'd)

***Trade debtors that are impaired***

The Group's trade debtors that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade debtors | 589 | 756 | 255 | 339 |
| Impairment of doubtful debts | (192) | (139) | (125) | (56) |
| | 397 | 617 | 130 | 283 |
| Movements in allowance account: | | | | |
| Balance as at 1 October | 139 | 80 | 56 | 56 |
| Charge for the financial year | 136 | 63 | 69 | – |
| Write-back against allowance | (82) | (4) | – | – |
| Exchange differences | (1) | – | – | – |
| Balance as at 30 September | 192 | 139 | 125 | 56 |

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

## 8. OTHER DEBTORS AND DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Deposits | 889 | 1,081 | – | – |
| Advances to employees* | 87 | 40 | 22 | 34 |
| Tax recoverable | 72 | 110 | – | 107 |
| Interest receivable | 16 | 47 | – | – |
| Sundry debtors | 274 | 458 | – | 183 |
| | 1,338 | 1,736 | 22 | 324 |

* Advances to employees are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in other debtors and deposits of the Group and of the Company are amounts of $706,000 (2007: $996,000) and Nil (2007: $175,000) respectively, denominated in Renminbi.

The Group and the Company do not have any other debtors and deposits that are past due but not impaired.

# Notes to the Financial Statements
– 30 September 2008

## 9. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES (TRADE AND NON-TRADE)

***Company***

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

Included in the Company's trade amounts due from subsidiary companies is an amount of $2,001,000 (2007: $1,456,000) denominated in Renminbi.

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 non-trade amounts due from subsidiary companies is an amount of $41,800 (2007: Nil) denominated in Renminbi.

The non-trade amount due to a subsidiary company is unsecured, interest-free, repayable on demand, and is denominated in Renminbi. This amount arose from purchases made on behalf by a subsidiary company.

## 10. FIXED DEPOSITS, AND CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Fixed deposits | 7,546 | 11,383 | – | 1,500 |
| Cash and bank balances | 6,303 | 7,376 | 567 | 868 |
| | 13,849 | 18,759 | 567 | 2,368 |

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 to 12 (2007: 3 to 12) months depending on the immediate cash requirements of the Group, and earn interests ranging from 0.80% to 4.14% (2007: 1.70% to 3.40%) per annum.

Fixed deposits, and cash and bank balances are held in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| United States dollars | 12 | 158 | 7 | 79 |
| Renminbi | 4,948 | 4,326 | 43 | 310 |
| Singapore dollars | 8,889 | 14,275 | 517 | 1,979 |
| | 13,849 | 18,759 | 567 | 2,368 |

## 11. TRADE CREDITORS

***Group***

Included in the trade creditors of the Group is an amount of $639,000 (2007: $775,000) denominated in Renminbi.

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 30 days.

# Notes to the Financial Statements

– 30 September 2008

## 12. OTHER CREDITORS AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Sundry creditors | 333 | 612 | 238 | 270 |
| Deferred income * | 1,918 | 1,537 | – | – |
| Accrued personnel expenses | 463 | 272 | 76 | 12 |
| Other accrued operating expenses | 720 | 454 | 355 | 122 |
| Deferred rental | 28 | – | – | – |
| | 3,462 | 2,875 | 669 | 404 |

* Deferred income relates to the amounts received from customers in respect of the stored value cards sold.

Included in the other creditors and accruals of the Group is an amount of $2,370,000 (2007: $2,029,000) denominated in Renminbi.

## 13. AMOUNTS DUE TO DIRECTORS

***Group and Company***

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

## 14. FINANCE LEASE OBLIGATIONS (SECURED)

***Group***

The Group conducts a portion of its operations from a leased motor vehicle. This lease is classified as a finance lease and expires over the next 4 (2007: 5) years with an option to purchase at the end of the lease term. The average discount rate implicit in the lease is 5.60% (2007: 4.30% to 5.60%) per annum.

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

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Minimum payments $'000** | **Present value of payments $'000** | **Minimum payments $'000** | **Present value of payments $'000** |
| Within 1 year | 57 | 50 | 107 | 93 |
| Within 2 to 5 years | 133 | 117 | 351 | 306 |
| Total minimum lease payments | 190 | 167 | 458 | 399 |
| Less: Amounts representing finance charges | (23) | – | (59) | – |
| Present value of minimum lease payments | 167 | 167 | 399 | 399 |
| Disclosed as: | | | | |
| Current | | 50 | | 93 |
| Non-current | | 117 | | 306 |
| | | 167 | | 399 |

Finance lease liabilities are secured by the rights to the leased motor vehicle (Note 4).

# Notes to the Financial Statements

– 30 September 2008

## 15. INCOME TAX EXPENSE

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

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Tax expense attributable to profit is made up of: | | |
| On results for the financial year | | |
| – Current income taxation | 1,110 | 1,326 |
| Under/(over)provision in respect of prior years: | | |
| – Current income taxation | 144 | 39 |
| – Deferred income taxation | (153) | – |
| | (9) | 39 |
| Total | 1,101 | 1,365 |

The reconciliation between the statutory tax expense to the Group's effective tax expense applicable to profit before taxation for the financial years ended 30 September is as follows:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Profit before taxation | 3,482 | 3,984 |
| Statutory tax expense at the statutory tax rate of 18% | 627 | 717 |
| Adjustments for: | | |
| Non-deductible expenses | 184 | 409 |
| Non-taxable income | (38) | (20) |
| Effect of change in tax rate | – | (13) |
| Differences in foreign tax rates | 235 | 223 |
| Withholding tax | 269 | 264 |
| Deferred tax assets not recognised | 32 | 41 |
| Utilisation of tax losses brought forward | – | (44) |
| Double tax relief | (125) | (180) |
| (Over)/underprovision in respect of prior years | (9) | 39 |
| Tax rebate/exemption | (74) | (89) |
| Others | – | 18 |
| Effective tax expense | 1,101 | 1,365 |

# Notes to the Financial Statements

– 30 September 2008

## 15. INCOME TAX EXPENSE (cont'd)

***Deferred tax liabilities***

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Deferred tax liabilities: | | |
| Balance as at 1 October | 274 | 276 |
| Credit during the financial year | (153) | – |
| Translation differences | 7 | (2) |
| Balance as at 30 September | 128 | 274 |

Deferred tax liabilities as at 30 September relate to the following:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Deferred tax liabilities: | | |
| Excess of net book values over tax written down values of fixed assets | 121 | 276 |
| Translation differences | 7 | (2) |
| Net deferred tax liabilities | 128 | 274 |

Deferred tax assets not recognised as at 30 September relate to the following:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Unutilised tax losses | (113) | (81) |

The Group did not recognise deferred tax assets approximating $113,000 (2007: $81,000), 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.

As at 30 September 2008, the Group has unutilised tax losses carried forward from certain subsidiary companies of approximately $630,000 (2007: $450,000), 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.

# Notes to the Financial Statements
– 30 September 2008

## 16. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | No. of ordinary shares ’000 | $’000 | No. of ordinary shares ’000 | $’000 |
| Issued and fully paid-up: | | | | |
| Balance as at 1 October | 207,749 | 14,593 | 209,821 | 14,933 |
| Share buy-back | – | – | (2,072) | (340) |
| Balance as at 30 September | 207,749 | 14,593 | 207,749 | 14,593 |

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.

In 2007, the Company re-purchased 2,072,000 shares for approximately $340,000. The shares had been cancelled by the Company.

## 17. RESERVE FUND

In accordance with the Foreign Enterprise Law applicable to the subsidiary company in the People’s Republic of China (“PRC”), the subsidiary company is required to make appropriation to a Statutory Reserve Fund (“SRF”). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary company’s registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary company. The SRF is not available for dividend distribution to shareholders.

## 18. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s presentation currency.

## 19. REVENUE

| | Group | |
|---|---|---|
| | 2008 $’000 | 2007 $’000 |
| Restaurant operations | 36,397 | 37,623 |
| Franchise and royalty fee income | 777 | 664 |
| | 37,174 | 38,287 |

# Notes to the Financial Statements

– 30 September 2008

## 20. INTEREST INCOME

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Interest income: | | |
| Fixed deposits | 142 | 275 |
| Cash and bank balances | 50 | 52 |
| | 192 | 327 |

## 21. PERSONNEL EXPENSES

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Wages, salaries, bonuses and allowances* | (7,959) | (8,456) |
| Contributions to defined contribution plans | (452) | (509) |
| Other personnel costs | (764) | (736) |
| | (9,175) | (9,701) |

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

## 22. FINANCE COSTS

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Interest expense on finance lease obligations | (23) | (49) |

## 23. PROFIT BEFORE TAXATION

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Profit before taxation is stated after charging/(crediting) the following: | | |
| Impairment loss on doubtful debts (trade) | 136 | 63 |
| Bad debts written off (trade) | 121 | 153 |
| Property, plant and equipment written off | 597 | 4 |
| Gain on disposal of property, plant and equipment | (82) | (82) |
| Consumables expenses | 313 | 281 |
| Cleaning expenses | 177 | 200 |
| Travelling expenses | 117 | 137 |
| Printing and stationery | 83 | 85 |
| Telephone charges | 92 | 99 |
| Water and electricity expenses | 1,002 | 1,023 |
| Operating lease expenses | 3,835 | 3,756 |
| Compensation received for the early termination of an operating lease | 320 | – |
| Loss on liquidation of a subsidiary company | 10 | – |
| Stocks written down to net realisable value | 6 | – |

# Notes to the Financial Statements
– 30 September 2008

## 24. EARNINGS PER SHARE (BASIC AND DILUTED)

*Group*

Both basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to equity holders of the Company of $2,381,000 (2007: $2,619,000) by the weighted average number of 207,748,700 (2007: 208,239,705) ordinary shares in issue during the year.

The basic and fully diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 30 September 2008 and 2007.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## 25. DIVIDENDS ON ORDINARY SHARES

*Group and Company*

No dividend was declared by the Company for the financial year ended 30 September 2008.

During the financial year, a special tax-exempt dividend of 3.0 cents per share and a final tax-exempt dividend of 1.0 cent per share respectively, totalling $8,310,000, were paid in respect of the financial year ended 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:

***Compensation of key management personnel***

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Director remuneration: | | |
| Directors' fees | 253 | 220 |
| Directors' remuneration | 1,410 | 1,595 |
| Contribution to defined contribution plans | 27 | 39 |
| | 1,690 | 1,854 |
| Key executive officers' remuneration: | | |
| Executive officers' remuneration | 539 | 650 |
| Contributions to defined contribution plans | 48 | 54 |
| | 587 | 704 |
| Remuneration paid to employees related to directors or substantial shareholders: | | |
| Employees' remuneration | 201 | 281 |
| Contributions to defined contribution plans | 25 | 28 |
| | 226 | 309 |

# Notes to the Financial Statements

– 30 September 2008

## 27. 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 property, plant and equipment amounting to $53,000 (2007: $348,000). This commitment relates to the renovation of a subsidiary company's restaurant outlet.

### *(b) Operating lease commitments – as lessee*

The Group has various operating lease agreements for the rental of restaurants, staff quarters and warehouse premises. These leases have an average tenure ranging from 1 to 30 (2007: 1 to 30) years, with no renewal option included in the contracts. 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 income statement during the financial year, amounted to $3,835,000 (2007: $3,756,000) of which $393,000 (2007: $470,000) pertained to the contingent rents paid during the financial year.

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

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Within 1 year | 3,183 | 3,521 |
| Within 2 to 5 years | 6,506 | 9,242 |
| More than 5 years | 874 | 1,384 |
| | 10,563 | 14,147 |

# Notes to the Financial Statements

– 30 September 2008

## 28. SEGMENT INFORMATION

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

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

***Business segments***

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

- Restaurant operations, which mainly relate to operation of restaurant outlets; and

- Restaurant management services, which mainly relate to franchise services.

Segment assets consist primarily of property, plant and equipment, trade and other debtors, and stocks.

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

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.

***Allocation basis and transfer pricing***

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 2008

## 28. SEGMENT INFORMATION (cont'd)

| 2008 | Restaurant operations $'000 | Restaurant management services $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|
| **Revenue:** | | | | |
| – external sales | 36,397 | 777 | – | 37,174 |
| – inter-segment sales | 45 | 5,876 | (5,921) | – |
| | 36,442 | 6,653 | (5,921) | 37,174 |
| **Results:** | | | | |
| Segment results | 8,831 | 3,367 | (5,876) | 6,322 |
| Unallocated expenses | | | | (3,009) |
| Finance income | | | | 192 |
| Finance costs | | | | (23) |
| Profit before taxation | | | | 3,482 |
| Income tax expense | | | | (1,101) |
| Profit for the financial year | | | | 2,381 |
| Attributable to: | | | | |
| Equity holders of the parent company | | | | 2,381 |
| Minority interests | | | | – |
| | | | | 2,381 |
| **Assets and liabilities:** | | | | |
| Segment assets | 10,061 | 185 | – | 10,246 |
| Unallocated assets | | | | 13,849 |
| Total assets | | | | 24,095 |
| Segment liabilities | 4,060 | 685 | – | 4,745 |
| Unallocated liabilities | | | | 1,463 |
| Total liabilities | | | | 6,208 |
| **Other segment information:** | | | | |
| Capital expenditure | 1,973 | – | – | 1,973 |
| Depreciation of property, plant and equipment | 1,286 | – | – | 1,286 |
| Bad debts written off (trade) | 121 | – | – | 121 |
| Impairment loss on doubtful debts (trade) | 2 | 134 | – | 136 |
| Gain on disposal of property, plant and equipment | (82) | – | – | (82) |
| Property, plant and equipment written off | 594 | – | – | 594 |
| Stocks written down to net realisable value | 6 | – | – | 6 |

# Notes to the Financial Statements
– 30 September 2008

## 28. SEGMENT INFORMATION (cont'd)

| 2007 | Restaurant operations $'000 | Restaurant management services $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|
| **Revenue:** | | | | |
| – external sales | 37,459 | 828 | – | 38,287 |
| – inter-segment sales | 2 | 9,105 | (9,107) | – |
| | 37,461 | 9,933 | (9,107) | 38,287 |
| **Results:** | | | | |
| Segment results | 9,510 | 6,197 | (9,107) | 6,600 |
| Unallocated expenses | | | | (2,894) |
| Finance income | | | | 327 |
| Finance costs | | | | (49) |
| Profit before taxation | | | | 3,984 |
| Income tax expense | | | | (1,365) |
| Profit for the financial year | | | | 2,619 |
| Attributable to: | | | | |
| Equity holders of the parent company | | | | 2,619 |
| Minority interests | | | | – |
| | | | | 2,619 |
| **Assets and liabilities:** | | | | |
| Segment assets | 9,993 | 661 | – | 10,654 |
| Unallocated assets | | | | 18,759 |
| Total assets | | | | 29,413 |
| Segment liabilities | 3,701 | 426 | – | 4,127 |
| Unallocated liabilities | | | | 1,699 |
| Total liabilities | | | | 5,826 |
| **Other segment information:** | | | | |
| Capital expenditure | 1,330 | – | – | 1,330 |
| Depreciation of property, plant equipment | 1,197 | – | – | 1,197 |
| Bad debts written off (trade) | 93 | 60 | – | 153 |
| Impairment loss on doubtful debts (trade) | – | 63 | – | 63 |
| Gain on disposal of property, plant and equipment | (82) | – | – | (82) |
| Property, plant and equipment written off | 4 | – | – | 4 |

# Notes to the Financial Statements

– 30 September 2008

## 28. SEGMENT INFORMATION (cont'd)

***Geographical segments***

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

| | Turnover | | Carrying amounts of segment assets | | Capital expenditure | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Singapore | 19,173 | 20,954 | 15,285 | 21,332 | 1,244 | 651 |
| People's Republic of China | 17,966 | 17,295 | 8,810 | 8,081 | 729 | 679 |
| Others | 35 | 38 | – | – | – | – |
| | 37,174 | 38,287 | 24,095 | 29,413 | 1,973 | 1,330 |

## 29. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial instruments comprise finance lease obligations, fixed deposits, and cash and bank balances. The main purpose of these financial instruments is to finance 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 assets carry a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all parties who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 30 September 2008, approximately 52% (2007: 50%) of trade debtors relates to 5 (2007: 5) debtors.

# Notes to the Financial Statements

– 30 September 2008

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

***Credit risk (cont'd)***

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade debtors on an ongoing basis. The credit risk concentration profile of the Group's trade debtors at the balance sheet date is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | $'000 | % of total | $'000 | % of total |
| By country: | | | | |
| Singapore | 320 | 54 | 402 | 53 |
| People's Republic of China | 269 | 46 | 354 | 47 |
| | 589 | 100 | 756 | 100 |
| By business sectors: | | | | |
| Restaurant operations | 334 | 57 | 417 | 55 |
| Restaurant management services | 255 | 43 | 339 | 45 |
| | 589 | 100 | 756 | 100 |

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7 to the financial statements.

***Foreign currency risk***

The Group has foreign currency risk exposures namely in United States dollars, and Renminbi.

The Group does not have any formal policy on managing its foreign exchange risk. 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.

The Group maintains a natural hedge, wherever possible, by matching the foreign currency assets against its liabilities. However, the Group continues to be exposed to foreign currency risks relating to any immaterial amounts.

Foreign exchange exposures in transactional currencies, other than functional currencies of the operating entities, are kept to an acceptable level. In relation to its overseas investment in its foreign subsidiary companies whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

As a result, the Group has maintained its foreign currency risk exposure to be minimal.

# Notes to the Financial Statements

– 30 September 2008

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

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their financing through leasing arrangements and interest-bearing fixed deposits.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, on the Group's profit net of taxation:

| | Group | |
|---|---|---|
| | Increase/ decrease in basis points | Effect on profit net of taxation $'000 |
| **2008** | | |
| Singapore dollars | 50 | 43 |
| Renminbi | 50 | 25 |
| Singapore dollars | (50) | (43) |
| Renminbi | (50) | (25) |
| **2007** | | |
| Singapore dollars | 50 | 71 |
| Renminbi | 50 | 20 |
| Singapore dollars | (50) | (71) |
| Renminbi | (50) | (20) |

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 30% (2007: 30%) of finance lease obligations should mature in the next 1 year, and that to maintain sufficient liquid financial assets. At the balance sheet date, approximately 30% (2007: 23%) of the Group's finance lease obligations (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements.

# Notes to the Financial Statements
– 30 September 2008

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

***Liquidity risk (cont'd)***

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments:

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Within 1 year $'000 | Within 2 to 5 years $'000 | Total $'000 | Within 1 year $'000 | Within 2 to 5 years $'000 | Total $'000 |
| **Group** | | | | | | |
| Trade creditors | 1,283 | – | 1,283 | 1,252 | – | 1,252 |
| Other creditors and accruals | 3,434 | – | 3,434 | 2,875 | – | 2,875 |
| Finance lease obligations | 50 | 117 | 167 | 93 | 306 | 399 |
| Amounts due to directors | 514 | – | 514 | 519 | – | 519 |
| | 5,281 | 117 | 5,398 | 4,739 | 306 | 5,045 |
| **Company** | | | | | | |
| Other creditors and accruals | 669 | – | 669 | 404 | – | 404 |
| Amounts due to subsidiary companies | 136 | – | 136 | 130 | – | 130 |
| Amounts due to directors | 514 | – | 514 | 519 | – | 519 |
| | 1,319 | – | 1,319 | 1,053 | – | 1,053 |

## 30. 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.

***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.

# Notes to the Financial Statements

– 30 September 2008

## 30. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

***Finance lease obligations (non-current)***

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

| | | Group | | | |
|---|---|---|---|---|---|
| | | 2008 | | 2007 | |
| | Note | Carrying amount $'000 | Estimated fair value $'000 | Carrying amount $'000 | Estimated fair value $'000 |
| Finance lease obligations (non-current) | 14 | 117 | 125 | 306 | 323 |

## 31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2008 and 2007.

As disclosed in Note 17, a subsidiary company of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary company for the financial years ended 30 September 2008 and 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 35%. The Group includes within net debt, finance lease obligations and trade and other creditors. Capital includes equity attributable to the equity holders of the parent less the abovementioned restricted reserve fund.

| | Group | |
|---|---|---|
| | 2008 $'000 | 2007 $'000 |
| Total capital | 17,150 | 22,898 |
| Net debt | 4,912 | 4,526 |
| Gearing ratio | 29% | 20% |

## 32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 September 2008 were authorised for issue in accordance with a resolution of the directors on 24 November 2008.

# 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 Ms Julia Chen-Kwok Yung Chu. A brief profile of each Director is set out on pages 8 to 9 of this Annual Report.

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

Matters which are specifically reserved for the approval of the Board include, 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 FY2008, the Board conducted three meetings. In addition to physical meetings, the Company's Articles of Association (the "**Articles**") also provide for Board meetings to be conducted by way of tele-conferencing, provided that the requisite quorum of at least two directors is present.

The number of Board and various board committees meetings held in FY2008 and the attendance of each Board member at those meetings are as follows:

| Name | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|
| | No. of meetings | No. of meetings attended | No. of meetings | No. of meetings attended | No. of meetings | No. of meetings attended | No. of meetings | No. of meetings attended |
| Lee Tong Soon | 3 | 3 | 2 | 2 | 1 | 1 | 1 | 1** |
| Lee Tong Kuon | 3 | 3 | – | – | – | – | – | – |
| Kok Nyong Patt | 3 | 3 | – | – | – | – | – | – |
| John Chen Seow Phun | 3 | 3 | 2 | 2 | 1 | 1 | 1 | 1 |
| Chow Kok Kee | 3 | 3 | 2 | 2 | 1 | 1 | 1 | 1 |
| Julia Chen-Kwok Yung Chu* | 3 | 2 | – | – | – | – | – | – |

* Appointed on 1 December 2007

** Attended the meeting as an invitee

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 care of 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 FY2008, Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

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

In FY2008, the company secretaries attended two AC meetings and three 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 the following three directors, two of whom (including the chairman of the NC) are independent and non-executive.

Dr John Chen Seow Phun (Chairman)
Chow Kok Kee
Lee Tong Soon

# Corporate Governance Report

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

### 2.1 Board Membership (cont'd)

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.

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 FY2008, the NC is of the view that:

(a) Majority of the NC members are independent (as defined in the Code) and able to exercise objective judgement on corporate affairs of the Group independently from Management;

(b) there is no individual or small group of individuals on the Board who dominate the Board's decision making process; 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.

# Corporate Governance Report

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

### 2.2 Board Performance (cont'd)

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.

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

| Name of Director | Lee Tong Soon |
|---|---|
| Shareholding in the Company (as at 9.12.2008) | 23,528,226 Shares (as set out on page 68 of the Annual Report) Mr Lee Tong Soon is also deemed interested in 12,500 Shares held by his spouse. |
| Board Committees Served | Audit Committee (Member) – Cessation date: 20 November 2008<br>Nominating Committee (Member) |
| Date of first appointment as director | 15 November 1999 |
| Date of last re-election as director | Not Applicable. Mr Lee Tong Soon is the Managing Director of the Company since incorporation. As such, he is not subject to re-election according to Article 107 as set out above. |
| Present Directorships in other listed companies | Nil |
| Past Directorships in other listed companies (within the last 3 years) | Nil |

| Name of Director | Lee Tong Kuon |
|---|---|
| Shareholding in the Company (as at 9.12.2008) | 22,252,725 Shares (as set out on page 68 of the Annual Report) Mr Lee Tong Kuon is also deemed interested in 247,500 Shares held by his son. |
| Board Committees Served | None |
| Date of first appointment as director | 15 November 1999 |
| Date of last re-election as director | Up for re-election at the AGM on 21 January 2009. |
| Present Directorships in other listed companies | Nil |
| Past Directorships in other listed companies (within the last 3 years) | Nil |

# Corporate Governance Report

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

### 2.2 Board Performance (cont’d)

| | |
|---|---|
| Name of Director | Kok Nyong Patt |
| Shareholding in the Company (as at 9.12.2008) | 22,815,225 Shares (as set out on page 68 of the Annual Report) Mr Kok Nyong Patt is also deemed interested in 12,500 Shares held by his spouse. |
| Board Committees Served | Nil |
| Date of first appointment as director | 15 November 1999 |
| Date of last re-election as director | 22 January 2007 |
| Present Directorships in other listed companies | Nil |
| Past Directorships in other listed companies (within the last 3 years) | Nil |

| | |
|---|---|
| Name of Director | John Chen Seow Phun |
| Shareholding in the Company (as at 9.12.2008) | Dr John Chen Seow Phun is deemed interested in 62,500 Shares held by his spouse. |
| Board Committees Served | Audit Committee (Chairman)<br>Nominating Committee (Chairman)<br>Remuneration Committee (Member) |
| Date of first appointment as director | 13 December 2001 |
| Date of last re-election as director | 29 January 2008 |
| Present Directorships in other listed companies | Hiap Seng Engineering Ltd<br>OKP Holdings Ltd<br>Hongguo International Holdings Limited<br>PSC Corporation Ltd<br>Matex International Limited<br>HLH Group Limited<br>Tat Seng Packaging Group Ltd<br>Fu Yu Corporation Limited |
| Past Directorships in other listed companies (within the last 3 years) | SNF Corporation Ltd |

# Corporate Governance Report

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

### 2.2 Board Performance (cont'd)

| Name of Director | Chow Kok Kee |
|---|---|
| Shareholding in the Company (as at 9.12.2008) | Nil |
| Board Committees Served | Remuneration Committee (Chairman)<br>Audit Committee (Member)<br>Nominating Committee (Member) |
| Date of first appointment as director | 18 March 2002 |
| Date of last re-election as director | Up for re-election at the AGM on 21 January 2009. |
| Present Directorships in other listed companies | Chosen Holdings Ltd<br>Innovalues Precision Ltd<br>Meiban Group Ltd<br>Tuan Sing Holdings Ltd<br>Valuetronics Holdings Ltd |
| Past Directorships in other listed companies (within the last 3 years) | Singapore Food Industries Ltd<br>HLN Technologies Ltd<br>ChinaCast Communication Hldgs Ltd<br>Sing Lun Holdings Ltd |

| Name of Director | Julia Chen-Kwok Yung Chu |
|---|---|
| Shareholding in the Company (as at 9.12.2008) | 55,000 Shares (as set out on page 68 of the Annual Report) |
| Board Committees Served | Appointed as a member of Audit Committee on 20 November 2008 |
| Date of first appointment as director | 1 December 2007 |
| Date of last re-election as director | 29 January 2008 |
| Present Directorships in other listed companies | Nil |
| Past Directorships in other listed companies (within the last 3 years) | Nil |

## 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 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. The Board was of the view that it was not in the best interests of the company to appoint another non-executive director to replace Mr Lee Tong Soon in the course of the financial year ended 30 September 2008. In compliance with the recommendation in Guideline 11.1 of the Code, the Board had on 20 November 2008 resolved to appoint Ms Julia Kwok, a non-executive director, in place of Mr Lee Tong Soon. As the members of the AC have many years of accounting and financial management-related expertise and experience, the Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

# Corporate Governance Report

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

### 3.1 Audit Committee (cont'd)

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 FY2008, the AC met twice. Details of the members' attendance at AC meetings in FY2008 are provided in Section 1.1 of this Report.

The AC performed the following functions in FY2008:

***(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 FY2008, 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 income statement 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 FY2008.

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

The AC has met up with the external auditors without the presence of Management in 2008.

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 and the AC will be informed immediately of any whistle-blowing reports received.

# Corporate Governance Report

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

### 3.1 Audit Committee (cont'd)

***(b) Review of financial statements***

For FY2008, 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 FY2008 and reported its findings to the Board. Please refer to page 47 of the annual report for further details on the related party transactions of the Group for FY2008.

### 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 FY2008, 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, namely Mr Chow Kok Kee ("Mr Chow") and Dr John Chen Seow Phun, both of whom (including the chairman of the RC) are independent non-executive directors. The chairman of the RC is Mr Chow. The RC has adopted written terms of reference.

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

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

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 FY2008 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 | 53 |
| | Fees* | – | Fees* | – | Fees* | 7 |
| | Bonus | – | Bonus | – | Bonus | 21 |
| | Other benefits | – | Other benefits | – | Other benefits | 18 |
| Lee Tong Kuon | Salary | – | Salary | – | Salary | 53 |
| | Fees* | – | Fees* | – | Fees* | 8 |
| | Bonus | – | Bonus | – | Bonus | 22 |
| | Other benefits | – | Other benefits | – | Other benefits | 17 |
| Kok Nyong Patt | Salary | – | Salary | – | Salary | 52 |
| | Fees* | – | Fees* | – | Fees* | 8 |
| | Bonus | – | Bonus | – | Bonus | 21 |
| | Other benefits | – | Other benefits | – | Other benefits | 19 |
| John Chen Seow Phun | Salary | – | Salary | – | Salary | – |
| | Fees* | 100 | Fees* | – | Fees* | – |
| | Bonus | – | Bonus | – | Bonus | – |
| | Other benefits | – | Other benefits | – | Other benefits | – |

# Corporate Governance Report

## 4. REMUNERATION COMMITTEE ("RC") (Cont'd)

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

| Name | Below S$250,000 | | Between S$500,000 and S$750,000 | | Between S$500,000 and S$750,000 | |
|---|---|---|---|---|---|---|
| | | % | | % | | % |
| Chow Kok Kee | Salary | – | Salary | – | Salary | – |
| | Fees* | 100 | Fees* | – | Fees* | – |
| | Bonus | – | Bonus | – | Bonus | – |
| | Other benefits | – | Other benefits | – | Other benefits | – |
| Julia Chen-Kwok Yung Chu | Salary | – | Salary | – | Salary | – |
| | Fees* | 100 | Fees* | – | Fees* | – |
| | Bonus | – | Bonus | – | Bonus | – |
| | Other benefits | – | Other benefits | – | Other benefits | – |

* Fees are subject to the approval of the Shareholders at the AGM for FY2008.

For FY2008, 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 | 90 |
| | Bonus | 4 |
| | Other benefits | 6 |
| Oh Kok Thai | Salary | 86 |
| | Bonus | 7 |
| | Other benefits | 7 |
| Hau Ee Boon | Salary | 88 |
| | Bonus | 6 |
| | Other benefits | 6 |
| Hau Ee Beng | Salary | 91 |
| | Bonus | 4 |
| | Other benefits | 5 |
| Venetia Yong Chin Ching | Salary | 85 |
| | Bonus | 7 |
| | Other benefits | 8 |

None of these employees of the Company are related to directors of the Company and none of their remuneration exceeds S$150,000 for FY2008.

The Board has not included a separate annual remuneration report in its annual report for FY2008 (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.

# Corporate Governance Report

## 5. COMMUNICATIONS WITH THE SHAREHOLDERS

### 5.1 Accountability

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

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

### 5.2 Communications with Shareholders

***Principle 14: Regular, effective and fair communication with Shareholders.***

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

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

### 5.3 Greater Shareholder Participation

***Principle 15: Greater Shareholder participation at AGM***

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

## 6. DEALINGS IN SECURITIES

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

## 7. MATERIAL CONTRACTS

No Material contracts to which the Company or any subsidiary company is a party and which involve the chief executive officer, directors and controlling shareholders' interests subsisted at the end of the financial year, or have been entered into since the end of the previous year.

**Lee Tong Soon**

*Chairman and Managing Director*

# Statistics of Shareholdings

as at 9 December 2008

| | |
|---|---|
| Number of shares in issue: | 207,748,700 |
| Class of Shares: | Ordinary Shares |
| Voting Rights: | One vote per share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 999 | 86 | 3.86 | 36,577 | 0.02 |
| 1,000 – 10,000 | 800 | 35.91 | 3,180,590 | 1.53 |
| 10,001 – 1,000,000 | 1,325 | 59.47 | 91,620,738 | 44.10 |
| 1,000,001 and above | 17 | 0.76 | 112,910,795 | 54.35 |
| **TOTAL** | 2,228 | 100.00 | 207,748,700 | 100.00 |

## 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. | Teo Kiang Ang | 11,792,000 | 5.68 |
| 5. | DBS Vickers Securities (S) Pte Ltd | 5,760,000 | 2.77 |
| 6. | United Overseas Bank Nominees Pte Ltd | 4,108,000 | 1.98 |
| 7. | Kim Eng Securities Pte. Ltd. | 3,605,929 | 1.74 |
| 8. | Chua Yew Chye | 3,200,000 | 1.54 |
| 9. | Yeo Seng Buck | 3,039,000 | 1.46 |
| 10. | HSBC (Singapore) Nominees Pte Ltd | 2,200,000 | 1.06 |
| 11. | OCBC Securities Private Ltd | 2,031,000 | 0.98 |
| 12. | UOB Kay Hian Pte Ltd | 1,942,750 | 0.94 |
| 13. | DBS Nominees Pte Ltd | 1,834,250 | 0.88 |
| 14. | Phillip Securities Pte Ltd | 1,414,190 | 0.68 |
| 15. | Lim Ching Koon | 1,250,000 | 0.60 |
| 16. | Singapore Nominees Pte Ltd | 1,106,500 | 0.53 |
| 17. | Teo Lea Ken | 1,031,000 | 0.50 |
| 18. | Chua Yue Peng | 1,000,000 | 0.48 |
| 19. | Hu Deli | 1,000,000 | 0.48 |
| 20. | Lu Qin | 902,500 | 0.43 |
| **Total** | | 115,813,295 | 55.75 |

# Statistics of Shareholdings

as at 9 December 2008

### SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 9 DECEMBER 2008

| Name | No of Shares in which the Substantial Shareholder has a direct interest | % | No of Shares in which the Substantial Shareholder is deemed to have an interest | % | No. of Shares/ Total Interest |
|---|---|---|---|---|---|
| Lee Tong Soon[(1)] | 23,528,226 | 11.33 | 12,500 | 0.01 | 23,540,726 |
| Lee Tong Kuon[(2)] | 22,252,725 | 10.71 | 247,500 | 0.12 | 22,500,225 |
| Kok Nyong Patt[(3)] | 22,815,225 | 10.98 | 12,500 | 0.01 | 22,827,725 |
| Teo Kiang Ang | 11,792,000 | 5.68 | – | – | 11,792,000 |

(1) Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers. Mr Lee Tong Soon is deemed to be interested in the Shares held by his spouse.

(2) Mr Lee Tong Kuon is deemed to be interested in the Shares held by his son.

(3) Mr Kok Nyong Patt is deemed to be interested in the Shares held by his spouse.

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

As at 9 December 2008, approximately 61.12% of the issued share capital of the Company was held in the hands of public as defined in the SGX-ST Listing Manual. The Company confirms that Rule 723 of the Listing Manual is complied with.

# 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 Wednesday 21 January 2009 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 2008 together with the Directors' Report and Auditors' Report thereon

   **Resolution 1**

2. To approve Directors' fees of S$253,333.33 for the financial year ended 30 September 2008 (FY 2007: S$220,000)

   **Resolution 2**

3. To approve Directors' fees of S$260,000 for the financial year ending 30 September 2009, with payment to be made in arrears.

   **Resolution 3**

4. To approve the payment of a final dividend of S$0.01 per share (tax exempt) for the financial year ended 30 September 2008 as recommended by the Directors.

   **Resolution 4**

5. To re-elect Mr Lee Tong Kuon retiring under Article 107 of the Articles of Association.

   **Resolution 5**

6. To re-elect Mr Chow Kok Kee retiring under Article 107 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**

# 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:

8. 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 for such purposes and to such persons and with such rights or restrictions as the Directors may in their absolute discretion 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 total issued share capital (excluding treasury shares) 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 total issued share capital (excluding treasury shares) 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 the total issued share capital (excluding treasury shares) shall be based on the Company's total issued share capital (excluding treasury shares) 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 or vesting of shares awards outstanding or subsisting at the time of the passing of this resolution, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

    (b) any subsequent bonus issue, consolidation or subdivision of shares.

**Resolution 8**

9. 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) transacted on the SGX-ST through the SGX-ST's Quest-ST trading system and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange") through one or more duly licensed dealers appointed by the Company for the purpose; 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 or is required by law to be held; or

        (b) the date on which the Share Buyback is carried out to the full extent mandated.

# 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 the market purchase by the Company and deemed to be adjusted in accordance with the Listing Manual for any corporate action that 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 an off-market purchase, stating the purchase price (which shall not be more than the Maximum Price of the Shares 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.

"Share" means an ordinary share in the capital of the Company.

(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**

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

BY ORDER OF THE BOARD

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

5 January 2009
SINGAPORE

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Share Transfer Books and Register of Members of the Company will be closed on 10 February 2009 for the purpose of determining members' entitlements to a final tax exempt (one-tier) dividend of S$0.01 per ordinary share (the "**Proposed Final Dividend**") to be proposed at the Annual General Meeting to be held on 21 January 2009 (the "**AGM**").

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m on 9 February 2009 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m on 9 February 2009 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by members at the AGM, will be paid on 18 February 2009.

**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) Mr Chow Kok Kee will, upon re-election as a Director of the Company, continue as Chairman of the Remuneration Committee and member of the Audit Committee and Nominating 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 total issued share capital (excluding treasury shares) 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 authorize 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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**THAI VILLAGE HOLDINGS LTD**

**(Incorporated in the Republic of Singapore)**
Company Registration Number. 199905141N

# Proxy Form

1. For investors who have used their CPF monies to buy shares in the capital of THAI VILLAGE HOLDINGS LTD, this report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Wednesday 21 January 2009 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 |
|---|---|---|---|
| | **Ordinary Business** | | |
| 1. | To adopt the Audited Accounts, Directors' Report and Auditors' Report. | | |
| 2. | To approve the payment of Directors' Fees for the financial year ended 30 September 2008. | | |
| 3. | To approve the Directors' Fees for the financial year ending 30 September 2009, with payment to be made in arrears. | | |
| 4. | To approve the payment of a final tax exempt (one-tier) dividend of S$0.01 per ordinary share. | | |
| 5. | To re-elect Mr Lee Tong Kuon as a Director under Article 107. | | |
| 6. | To re-elect Mr Chow Kok Kee as a Director under Article 107. | | |
| 7. | To re-appoint Messrs Ernst & Young as Auditors and authorise Directors to fix their remuneration. | | |
| | **Special Business** | | |
| 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 _________________________ 2009.

| 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 authorized 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 authorized.

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

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**THAI VILLAGE HOLDINGS LTD**
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