

This Prospectus has been seen and approved by the Directors and promoters of KBES Berhad *(formerly known as KBES Sdn Bhd and prior to that known as Gold City Interpoint Sdn Bhd)* (KBES) and the Offeror (as defined herein) and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading. The Directors hereby accept full responsibility for the profit estimate and forecast included in this Prospectus and confirm that the profit estimate and forecast have been prepared based on assumptions made.

Southern Investment Bank Berhad, being the Adviser acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined herein) and Offer for Sale (as defined herein) and is satisfied that any profit estimate and forecast (for which the Directors of KBES are fully responsible), prepared for inclusion in the Prospectus have been stated by the Directors after due and careful enquiry and has been duly reviewed by the Reporting Accountants.

The Securities Commission (SC) has approved the Public Issue and Offer for Sale and the approval shall not be taken to indicate that the SC recommends the Public Issue and Offer for Sale.

The SC shall not be liable for any non-disclosure on the part of KBES or the Offeror and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

The Kuala Lumpur Stock Exchange (KLSE) shall not be liable for any non-disclosure on the part of KBES and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List of the Main Board of the KLSE is not to be taken as an indication of the merits of the invitation, KBES or of its ordinary shares.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

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**INDICATIVE TIMETABLE**

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The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of KBES on the Main Board of the KLSE is set out below:

<b>Events</b>	<b>Date</b>
Date of Prospectus	1 December 2003
Opening date of the Public Issue and Offer for Sale	1 December 2003
Closing date of the Public Issue and Offer for Sale	8 December 2003
Tentative date for balloting of applications	10 December 2003
Tentative date for allotment of securities	17 December 2003
Tentative date for the listing	19 December 2003

**This timetable is tentative and subject to such change(s) which may be necessary to facilitate implementation procedures. The closing date of the Public Issue and Offer for Sale is as stated above or such later date as the Directors of KBES, the Offeror and the Managing Underwriter may mutually decide. Any changes in the application period for the Public Issue and Offer for Sale will be notified in a daily Bahasa Malaysia newspaper and English newspaper.**

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**ABBREVIATIONS**


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In this Prospectus, unless the context requires otherwise, the following abbreviations shall apply throughout:

**Authorities / Regulations****Meanings**

Act	Companies Act, 1965
ADA	Authorised Depository Agent
ADA Code	ADA (Broker) Code
CDS	Central Depository System
Central Depository or MCD	Malaysian Central Depository Sdn Bhd
CVLB / LPKP	Commercial Vehicle Licensing Board / Lembaga Pelesenan Kenderaan Perdagangan
FIC	Foreign Investment Committee
KLSE	Kuala Lumpur Stock Exchange
MIH	Malaysian Issuing House Sdn Bhd
MITI	Ministry of International Trade and Industry
ROC	Registrar of Companies, or now known as Companies Commission of Malaysia
SC	Securities Commission
SC Guidelines	SC's Policies and Guidelines on Issue / Offer of Securities

**Companies / Persons**

ARSB	Avenue Runner (M) Sdn Bhd
Board	Board of Directors
Business Associates	Comprises suppliers and sales agents of the KBES Group and KBESM Members who are eligible to the Public Issue Shares pursuant to the Share Allocation Scheme
DRE	Damai Ria Ekspres Sdn Bhd, a wholly-owned subsidiary of KBESM
DREB	Damai Ria Enterprise Sdn Bhd
DRT	Damai Ria Transline Sdn Bhd, a wholly-owned subsidiary of KBESM
Eligible Directors	Directors of the KBES Group who are eligible to the Public Issue Shares pursuant to the Share Allocation Scheme
Eligible Employees	Employees of the KBES Group who are eligible to the Public Issue Shares pursuant to the Share Allocation Scheme
Frost & Sullivan	Frost & Sullivan (M) Sdn Bhd

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**ABBREVIATIONS**


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<b>Companies / Persons</b>	<b>Meanings</b>
KBES	KBES Berhad ( <i>formerly known as KBES Sdn Bhd and prior to that known as Gold City Interpoint Sdn Bhd</i> )
KBES Group or Group	KBES and its subsidiaries, namely KBESM and SCM
KBESM	Konsortium Bas Ekspres Semenanjung (M) Sdn Bhd, a wholly-owned subsidiary of KBES
KBESM Group	KBESM and its subsidiaries
KBESM Members	Registered members of KBESM's website at <a href="http://www.supercoach.com.my">www.supercoach.com.my</a>
KBESM Vendors	SZSB, UCSB, DREB, Lau Chan Seng, Hai Shah Hairi bin Hassan, Fong Weng Keong and Rasemi bin Mat Alim, collectively
Malaysian Public	Malaysian citizens, companies, co-operatives, societies and institutions, of which 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions
Managing Underwriter	SiBB
MESB	Meru Ekspres Sdn Bhd, a wholly-owned subsidiary of KBESM
Offeror	ST Corporation
Placement Agent	SiBB
RBSB	Rumpun Berlian Sdn Bhd
SCM	Super Coachair Manufacturer Sdn Bhd, a wholly-owned subsidiary of KBES
SiBB	Southern Investment Bank Berhad
SRBC	Super Ria Bas Corporation Sdn Bhd
SRBT	Super Ria Bas Transport Sdn Bhd, a 75%-owned subsidiary of KBESM
SRE	Super Ria Ekspres Sdn Bhd, a wholly-owned subsidiary of KBESM
SSB	Santero Sdn Bhd, a wholly-owned subsidiary of KBESM
ST Assembly	Super Trans Assembly Plant Sdn Bhd
ST Capital	Super Trans Capital Sdn Bhd
ST Corporation	Super Trans Corporation Sdn Bhd
STCP	Super Trans Composite Products Sdn Bhd, a wholly-owned subsidiary of KBESM
SZSB	Sani Zaleha Sdn Bhd

**ABBREVIATIONS**

<b>Companies / Persons</b>	<b>Meanings</b>
THR	Taiping Holidays Resorts Sdn Bhd, a wholly-owned subsidiary of KBESM
THT	Taiping Holidays Travel Sdn Bhd, a wholly-owned subsidiary of KBESM
THTS	Taiping Holidays Transport Services Sdn Bhd, a wholly-owned subsidiary of KBESM
TSCB	Taiping Super Coachbuilder Sdn Bhd
UCSB	Usaha Cekap Sdn Bhd
Underwriters	Comprising <ul style="list-style-type: none"> <li>• SIBB; and</li> <li>• SBB Securities Sdn Bhd</li> </ul>
WTT	Wonrey Tours & Travel Sdn Bhd, a 55%-owned subsidiary of KBESM

**Listing Scheme**

Acquisitions	KBESM Acquisition and SCM Acquisition, collectively								
Flotation or Flotation Scheme	Restructuring Scheme and Listing								
IPO	Public Issue and Offer for Sale, collectively								
IPO Shares	Public Issue Shares and Offer Shares, collectively								
KBESM Acquisition	The acquisition by KBES from the KBESM Vendors of the entire equity interest in KBESM comprising 7,915,000 Shares for a total purchase consideration of RM40,161,894, satisfied by the issuance of 80,323,788 new KBES Shares to the KBESM Vendors, credited as fully paid-up at an issue price of RM0.50 per KBES Share								
KBES Share(s)	Ordinary share(s) of RM0.50 each in KBES								
Listing	Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of KBES comprising 126,000,000 KBES Shares on the Main Board of the KLSE								
Offer for Sale	Offer for sale by the Offeror of 9,000,000 KBES Shares at an offer price of RM0.75 per KBES Share payable in full on application comprising: <table> <tr> <td></td><td style="text-align: right;"><b>RM</b></td></tr> <tr> <td>Available for application by the Malaysian Public</td><td style="text-align: right;">4,000,000</td></tr> <tr> <td>Placed with Malaysian private and / or institutional investors</td><td style="text-align: right;">5,000,000</td></tr> <tr> <td>Total</td><td style="text-align: right;"><u>9,000,000</u></td></tr> </table>		<b>RM</b>	Available for application by the Malaysian Public	4,000,000	Placed with Malaysian private and / or institutional investors	5,000,000	Total	<u>9,000,000</u>
	<b>RM</b>								
Available for application by the Malaysian Public	4,000,000								
Placed with Malaysian private and / or institutional investors	5,000,000								
Total	<u>9,000,000</u>								
Offer Price	Offer for sale price of RM0.75 per Offer Share								

**ABBREVIATIONS**

<b>Listing Scheme</b>	<b>Meanings</b>								
Offer Share(s)	The 9,000,000 KBES Shares, which are the subject of the Offer for Sale								
Public Issue	Public issue of 24,550,000 new KBES Shares at an issue price of RM0.75 per KBES Share payable in full on application, comprising: <table> <tr> <td></td><td style="text-align: right;"><b>RM</b></td></tr> <tr> <td>Available for application by Eligible Directors, Eligible Employees and Business Associates</td><td style="text-align: right;">4,000,000</td></tr> <tr> <td>Placed with Malaysian private and / or institutional investors</td><td style="text-align: right;">20,550,000</td></tr> <tr> <td><b>Total</b></td><td style="text-align: right;"><b>24,550,000</b></td></tr> </table>		<b>RM</b>	Available for application by Eligible Directors, Eligible Employees and Business Associates	4,000,000	Placed with Malaysian private and / or institutional investors	20,550,000	<b>Total</b>	<b>24,550,000</b>
	<b>RM</b>								
Available for application by Eligible Directors, Eligible Employees and Business Associates	4,000,000								
Placed with Malaysian private and / or institutional investors	20,550,000								
<b>Total</b>	<b>24,550,000</b>								
Public Issue Price	Public issue price of RM0.75 per Public Issue Share								
Public Issue Share(s)	The 24,550,000 new KBES Shares, which are the subject of the Public Issue								
Restructuring Scheme	Acquisitions, Settlement and Rights Issue, collectively								
Rights Issue	The rights issue of 9,187,928 new KBES Shares at an issue price of RM0.70 per KBES Share on the basis of one (1) new KBES Share for approximately every ten (10) KBES Shares held after the Acquisitions and Settlement								
SCM Acquisition	The acquisition by KBES from ST Corporation of the entire equity interest in SCM comprising 450,000 Shares for a total purchase consideration of RM2,909,807, satisfied by the issuance of 5,819,614 new KBES Shares to ST Corporation, credited as fully paid-up at an issue price of RM0.50 per KBES Share								
Settlement	Pursuant to the Acquisitions, on 28 October 2003, KBES settled the amount of RM1,239,219 owing by KBESM to its Director, Lau Chan Seng via the issuance of 2,478,438 new KBES Shares to Lau Chan Seng, credited as fully paid-up at an issue price of RM0.50 per KBES Share and the amount of RM1,820,114 owing by SCM to its holding company, ST Corporation via the issuance of 3,640,228 new KBES Shares to ST Corporation, credited as fully paid-up at an issue price of RM0.50 per KBES Share								
Share Allocation Scheme	4,000,000 Public Issue Shares reserved for Eligible Directors, Eligible Employees and Business Associates								
Share(s)	Ordinary share(s) of RM1.00 each								
Underwriting Agreement	Underwriting agreement dated 3 November 2003 between KBES and the Underwriters								

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## ABBREVIATIONS

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### Financial Terms

EPS	Earnings per share
MI	Minority interests
NTA	Net tangible assets
PAT	Profit after taxation
PBT	Profit before taxation
PE multiple	Price earnings multiple

### Others

ATM	Automated Teller Machine
EGM	Extraordinary General Meeting
FYE	Financial year ended / ending
GDP	Gross Domestic Product
RM and sen	Ringgit Malaysia and sen respectively

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Profession / Occupation</b>	<b>Nationality</b>
Md Azar bin Ismail ( <i>Independent Non-Executive Chairman</i> )	43, Lorong 5/4H 46000 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Lau Chan Seng ( <i>Managing Director</i> )	No. 1, Lorong 4 Jalan Thompson 34000 Taiping Perak Darul Ridzuan	Director	Malaysian
Hai Shah Hairi bin Hassan ( <i>Executive Director</i> )	No. 35, Lorong Empat Taman Lake View 34000 Taiping Perak Darul Ridzuan	Director	Malaysian
Fong Weng Keong ( <i>Executive Director</i> )	27, Jalan 1 Taman Tasik Indah 34000 Taiping Perak Darul Ridzuan	Director / Accountant	Malaysian
Low Guan Theong ( <i>Executive Director</i> )	40, Jalan Bukit Mas Taman Bukit Mas 34000 Taiping Perak Darul Ridzuan	Director	Malaysian
Malik Parvez Ahmad bin Nazir Ahmad ( <i>Independent Non-Executive Director</i> )	129, Persiaran Venice Sutera 2 32000 Lumut Perak Darul Ridzuan	Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Md Azar bin Ismail	Chairman of Committee	Independent Non-Executive Director
Malik Parvez Ahmad bin Nazir Ahmad	Member of Committee	Independent Non-Executive Director
Fong Weng Keong	Member of Committee	Executive Director

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**1. CORPORATE DIRECTORY**

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<b>COMPANY SECRETARY</b>	: Goh Beng Chu (F) (LS 00812) 400, Jalan Kamunting Batu 2 34600 Kamunting Perak Darul Ridzuan Telephone no: (605) 807 5998
<b>REGISTERED OFFICE</b>	: 400, Jalan Kamunting Batu 2 34600 Kamunting Perak Darul Ridzuan
<b>HEAD / MANAGEMENT OFFICE</b>	: Plot 73-86, Jalan Logam 5 Perindustrian Kamunting 3 Kamunting Raya Industrial Estate 34600 Kamunting Perak Darul Ridzuan Telephone no: (605) 891 8888 E-mail: <a href="mailto:kbes@supercoach.com.my">kbes@supercoach.com.my</a> Website: <a href="http://www.supercoach.com.my">www.supercoach.com.my</a>
<b>PRINCIPAL BANKERS</b>	: OCBC Bank (Malaysia) Berhad (295400-W) 24-30, Jalan Berek 34000 Taiping Perak Darul Ridzuan Telephone no: (605) 807 2133  HSBC Bank Malaysia Berhad (127779-V) 2, Jalan Simpang 34000 Taiping Perak Darul Ridzuan Telephone no: (605) 807 3804
<b>ISSUING HOUSE</b>	: Malaysian Issuing House Sdn Bhd (258345-X) 27th Floor Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no: 2693 0858
<b>REGISTRAR</b>	: Signet Share Registration Services Sdn Bhd (506293-D) 11 <sup>th</sup> Floor Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no: 2145 4337
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Siva Tan & Co Chartered Accountants (AF 0785) 400A, Jalan Kamunting Batu 2 34600 Kamunting Perak Darul Ridzuan Telephone no: (605) 808 8830

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**1. CORPORATE DIRECTORY**

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<b>SOLICITORS</b>	: Teh & Lee Advocates and Solicitors Unit 23-3, 3rd Floor, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone no: (603) 2283 2800
<b>INDEPENDENT MARKET RESEARCHER</b>	: Frost & Sullivan (M) Sdn Bhd (522293-W) Suite E-08-15, Block E Plaza Mont' Kiara 2, Jalan 1/70C, Mont' Kiara 50480 Kuala Lumpur Telephone no: (603) 6204 5800
<b>ADVISER, MANAGING UNDERWRITER, AND PLACEMENT AGENT</b>	: Southern Investment Bank Berhad (169955-T) 16th Floor Wisma Genting 28 Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no: (603) 2059 4188
<b>UNDERWRITERS</b>	: Southern Investment Bank Berhad (169955-T) 16th Floor Wisma Genting 28 Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no: (603) 2059 4188  SBB Securities Sdn Bhd (100518-M) 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Telephone no: (605) 253 0888
<b>LISTING SOUGHT</b>	: Main Board of the KLSE

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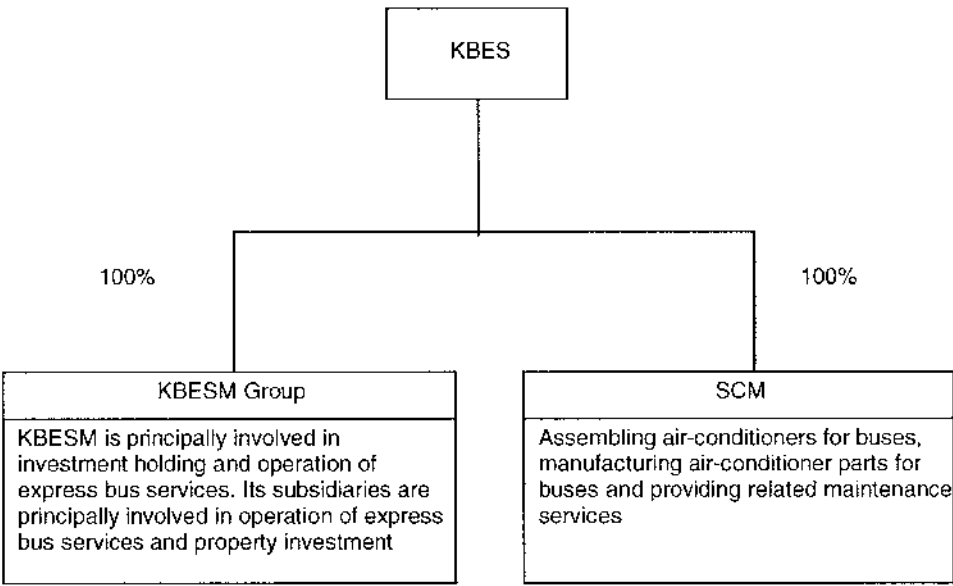
**2. INFORMATION SUMMARY**

**This section is only a summary of the salient information about the KBES Group. We advise the investors to read and understand the whole of this Prospectus prior to making an investment decision.**

**2.1 History and business**

KBES was incorporated in Malaysia under the Act on 28 October 2002 as a private limited company under the name of Gold City Interpoint Sdn Bhd. Subsequently, on 24 February 2003, it changed its name to KBES Sdn Bhd and was converted to a public company on 8 March 2003.

KBES is principally an investment holding company with the following corporate structure:



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## 2. INFORMATION SUMMARY

The principal activities of KBES' wholly owned subsidiaries, namely KBESM and SCM, are set out below:

Subsidiaries	Date and place of incorporation	Effective equity interest %	Issued and paid-up share capital RM	Principal activities
KBESM	30 September 1996, Malaysia	100	7,915,000	Investment holding and operation of express bus services
SCM	22 December 1995, Malaysia	100	450,000	Assembling air-conditioners for buses, manufacturing air-conditioner parts for buses and providing related maintenance services
<b>Subsidiaries of KBESM</b>				
DRE	10 November 1976, Malaysia	100	1,105,000	Operation of express bus services
DRT	8 January 1990, Malaysia	100	250,000	Operation of express bus services
MESB	12 October 1990, Malaysia	100	250,000	Operation of express bus services
SRBT	5 March 1979, Malaysia	75	1,000,000	Operation of express bus services
SRE	18 May 1982, Malaysia	100	250,000	Operation of express bus services
SSB	16 January 1989, Malaysia	100	250,000	Operation of express bus services
STCP	21 August 1996, Malaysia	100	250,000	Property investment
THR	26 December 1989, Malaysia	100	400,000	Operation of express bus services
THT	4 October 1990, Malaysia	100	150,000	Operation of express bus services
THTS	5 February 1980, Malaysia	100	350,000	Operation of express bus services
WTT	18 July 1991, Malaysia	55	200,000	Operation of express bus services

SCM does not have any subsidiary or associated companies.

Further information on the history and business of the KBES Group is set out in Section 6 of this Prospectus.

## 2. INFORMATION SUMMARY

### 2.2 Promoters, Substantial Shareholders, Directors and key management

#### 2.2.1 Promoters

The promoters of KBES and their shareholdings in KBES after the IPO are as follows:

Name	Direct		Indirect	
	No. of KBES Shares	%	No. of KBES Shares	%
SZSB	54,371,541	43.15	-	-
UCSB	14,060,996	11.16	-	-
Lau Chan Seng <sup>1</sup>	13,185,523	10.46	70,064,438 <sup>2</sup>	55.61
Hai Shah Hairi bin Hassan <sup>1</sup>	3,703,573	2.94	69,834,438 <sup>3</sup>	55.42
ST Corporation	1,401,901	1.11	-	-

**Notes:**

- 1 Includes Public Issue Shares to be offered under the Share Allocation Scheme
- 2 Deemed interested by virtue of his 46.00% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his wife's, Lau Kooi Keong, his son's, Lau Siau Beng, his daughter's, Lau Siau Khim, and his brother's, Low Guan Theong, interests in KBES and, his son's, Lau Siau Chuan, indirect interest in KBES via his 65.00% shareholding in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act
- 3 Deemed interested by virtue of his 50.10% shareholding in SRBC which in turn holds 98.68% interest in SZSB, his 61.59% shareholding in RBSB which in turn holds 63.09% interest in UCSB and his 35.00% shareholding in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act

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## 2. INFORMATION SUMMARY

### 2.2.2 Substantial shareholders

The substantial shareholders of KBES and their shareholdings in KBES after the IPO will be as follows:

Name	Direct		Indirect	
	No. of KBES Shares	%	No. of KBES Shares	%
SZSB	54,371,541	43.15	-	-
UCSB	14,060,996	11.16	-	-
Lau Chan Seng <sup>1</sup>	13,185,523	10.46	70,064,438 <sup>2</sup>	55.61
Hai Shah Hairi bin Hassan <sup>1</sup>	3,703,573	2.94	69,834,438 <sup>3</sup>	55.42
SRBC	-	-	54,371,541 <sup>4</sup>	43.15
RBSB	-	-	14,060,996 <sup>5</sup>	11.16
ARSB	-	-	14,060,996 <sup>6</sup>	11.16
Waseem Ahmad bin Abdul Hanan	-	-	14,060,996 <sup>7</sup>	11.16
Low Guan Theong <sup>1</sup>	100,000	0.08	81,618,060 <sup>8</sup>	64.78

**Notes:**

- 1 Includes Public Issue Shares to be offered under the Share Allocation Scheme
- 2 Deemed interested by virtue of his 46.00% shareholding in SRBC which in turn holds 98.68% interest in SZSB, his wife's, Lau Kooi Keong, his son's, Lau Siau Beng, his daughter's, Lau Siau Khim, and his brother's, Low Guan Theong, interests in KBES and, his son's, Lau Siau Chuan, indirect interest in KBES via his 65.00% shareholding in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act
- 3 Deemed interested by virtue of his 50.10% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his 61.59% shareholdings in RBSB which in turn holds 63.09% interest in UCSB and his 35.00% shareholdings in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act
- 4 Deemed interested by virtue of its 98.68% shareholdings in SZSB pursuant to Section 6A of the Act
- 5 Deemed interested by virtue of its 63.09% shareholdings in UCSB pursuant to Section 6A of the Act
- 6 Deemed interested by virtue of its 35.00% shareholdings in UCSB pursuant to Section 6A of the Act
- 7 Deemed interested by virtue of his 38.41% shareholdings in RBSB which in turn holds 63.09% interest in UCSB and his 51.00% shareholding in ARSB which in turn holds 35.00% interest in UCSB pursuant to Section 6A of the Act
- 8 Deemed interested by virtue of his 49.00% shareholdings in RBSB which in turn holds 35.00% interest in UCSB and his brother's, Lau Chan Seng, interest in KBES pursuant to Section 6A of the Act

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## 2. INFORMATION SUMMARY

### 2.2.3 Directors

The Directors of KBES and their shareholdings in KBES after the IPO are as follows:

Name	Designation	Direct		Indirect	
		No. of KBES Shares <sup>1</sup>	%	No. of KBES Shares	%
Md Azar bin Ismail	Independent Non-Executive Chairman	100,000	0.08	-	-
Lau Chan Seng	Managing Director	13,185,523	10.46	70,064,438 <sup>2</sup>	55.61
Hai Shah Hairi bin Hassan	Executive Director	3,703,573	2.94	69,834,438 <sup>3</sup>	55.42
Fong Weng Keong	Executive Director	629,937	0.50	-	-
Low Guan Theong	Executive Director	100,000	0.08	81,618,060 <sup>4</sup>	64.78
Malik Parvez Ahmad bin Nazir Ahmad	Independent Non-Executive Director	20,000	*	-	-

**Notes:**

\* Negligible

1 Includes Public Issue Shares to be offered under the Share Allocation Scheme

2 Deemed interested by virtue of his 46.00% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his wife's, Lau Kooi Keong, his son's, Lau Siau Beng, his daughter's, Lau Siau Khim, and his brother's, Low Guan Theong, interests in KBES and, his son's, Lau Siau Chuan, indirect interest in KBES via his 65.00% shareholding in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act

3 Deemed interested by virtue of his 50.10% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his 61.59% shareholdings in RBSB which in turn holds 63.09% interest in UCSB and his 35.00% shareholdings in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act

4 Deemed interested by virtue of his 49.00% shareholdings in RBSB which in turn holds 35.00% interest in UCSB and his brother's, Lau Chan Seng, interest in KBES pursuant to Section 6A of the Act

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## 2. INFORMATION SUMMARY

### 2.2.4 Key management

The key management of the KBES Group and their shareholdings after the IPO are as follows:

Name	Designation	Direct		Indirect	
		No. of KBES Shares <sup>1</sup>	%	No. of KBES Shares	%
<b>KBESM Group</b>					
Lau Chan Seng	Managing Director / Chief Executive Officer	13,185,523	10.46	70,064,438 <sup>2</sup>	55.61
Hai Shah Hairi bin Hassan	Executive Director / Chief Operating Officer	3,703,573	2.94	69,834,438 <sup>3</sup>	55.42
Fong Weng Keong	Executive Director / Chief Financial Officer	629,937	0.50	-	-
Low Guan Theong	Executive Director	100,000	0.08	81,618,060 <sup>4</sup>	64.78
Lau Siau Beng	Maintenance and Purchasing Manager	50,000	0.04	-	-
Saw Hai Seng	Assistant Maintenance and Purchasing Manager	50,000	0.04	-	-
Pharn Be Ling	Assistant Finance Manager	50,000	0.04	-	-
<b>SCM</b>					
Saharuddin bin Mahmud	Production Executive	40,000	0.03	-	-
Ding Chek Kooi	Assistant Production Executive	40,000	0.03	-	-
Ng Yook Kooi	Air-conditioner Technician	10,000	*	-	-

**Notes:**

\* Negligible

1 Includes Public Issue Shares to be offered under the Share Allocation Scheme

2 Deemed interested by virtue of his 46.00% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his wife's, Lau Kooi Keong, his son's, Lau Siau Beng, his daughter's, Lau Siau Khim, and his brother's, Low Guan Theong, interests in KBES and, his son's, Lau Siau Chuan, indirect interest in KBES via his 65.00% shareholding in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act

3 Deemed interested by virtue of his 50.10% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his 61.59% shareholdings in RBSB which in turn holds 63.09% interest in UCSB and his 35.00% shareholdings in ST Capital which in turn holds approximately 100.00% interest in ST Corporation pursuant to Section 6A of the Act

4 Deemed interested by virtue of his 49.00% shareholdings in RBSB which in turn holds 35.00% interest in UCSB and his brother's, Lau Chan Seng, interest in KBES pursuant to Section 6A of the Act

Further information on the promoters, substantial shareholders, Directors and key management of the KBES Group is set out in Section 7 of this Prospectus.

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## 2. INFORMATION SUMMARY

### 2.3 Financial highlights

The table below sets out a summary of the proforma consolidated income statement of the KBES Group for the past five (5) FYE 31 December 2002 and the six (6) months ended 30 June 2003, prepared on the assumption that the current structure of the KBES Group has been in existence throughout the financial years under review. The proforma consolidated income statement should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	FYE 31 December					Six (6) months ended 30 June 2003
	1998	1999	2000	2001	2002	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	21,746	23,118	<sup>3</sup> 36,682	32,346	57,294	27,029
Profit before interest, depreciation and taxation	3,805	10,605	19,096	17,826	21,057	10,907
Interest expense	(1,716)	(1,655)	(1,646)	(1,469)	(1,010)	(408)
Depreciation	(4,111)	(4,371)	(4,554)	(4,619)	(5,523)	(2,789)
PBT	(2,022)	4,579	11,896	11,738	14,524	7,710
Tax expense	(92)	(206)	(958)	(1,055)	(3,244)	(1,978)
PAT	(2,114)	4,373	10,938	10,683	11,280	5,732
MI	1	(303)	(526)	(27)	(54)	(21)
PAT and MI	(2,113)	4,070	10,412	10,656	11,226	5,711
Number of KBES Shares assumed in issue ('000)	101,450	101,450	101,450	101,450	101,450	101,450
Gross EPS (sen) <sup>10</sup>	(2)	4.5	12.7	11.7	14.3	15.2*
Net EPS (sen) <sup>11</sup>	(2)	4	10.3	10.5	11.1	11.26*
Enlarged number of KBES Shares assumed in issue ( '000)	126,000	126,000	126,000	126,000	126,000	126,000
Fully diluted gross EPS (sen) <sup>12</sup>	(2)	4	10.23	9	12	12*
Fully diluted net EPS (sen) <sup>13</sup>	(2)	3	9.06	8	9	9*

#### Notes:

\* Annualised figures

1. The proforma consolidated results of KBES Group are prepared for illustrative purposes only and are based on the audited financial statements of KBES, KBESM Group and SCM.
2. There were no extraordinary and exceptional items in the years/period under review.
3. The increase in revenue in 2000 was mainly attributed to the increase in additional number of buses acquired for the Group's express bus operations and an increase in bus ticket price approved by the LPKP effective from 1 July 2000.
4. Revenue increase in 2002 was mainly attributed to the additional new buses acquired for the Group's express bus operations and a change in the Group's billing system where sales were stated at gross amount of ticket sales in 2002 as opposed to its previous practice where revenue was stated net of direct operating expenses.
5. The improvement in pre-tax profit in 1999 was mainly attributed to a shift in the Group sales mix whereby the proportion of revenue derived from monthly agency sales increased significantly, contributed to an enhanced gross margin and a substantial decrease in the Group's administrative and general expenses, arose mainly from lower provision for doubtful debts in DRE and savings in staff costs.

## 2. INFORMATION SUMMARY

6. The significant improvement in pre-tax profit in 2000 was mainly due to the better planning, co-ordination and efficient use of resources by the Group since July 2000 resulted from the acquisition of UCSB, the then holding company of THR, THTS, THT, SSB and WTT, by the owners of SZSB, the then holding company of SRBT and MESB, and DREB, the then holding company of DRT, SRE and DRE. Better co-ordination between these groups' operations helped to reduce drastically the major direct expenses such as drivers' salaries, fuel and repairs, which were relatively fixed in nature, on common routes. The increase in bus ticket price also contributed to the improved pre-tax profit in 2000.
7. The improvement in pre-tax profit in 2002 was mainly attributed to an increase in amortisation of negative goodwill resulted from an under provision in 2001 which was later recognised in 2002 and savings in interest expense as the Group's interest-bearing borrowings were gradually settled.
8. There was no tax charge on KBES and its subsidiaries in 1999 either due to losses incurred, utilisation of unabsorbed losses and capital allowances brought forward or chargeable income for the year ended 31 December 1999 were waived under the Income Tax (Amendment) Act, 1999.
9. The lower effective tax rates for the FYE 31 December 2000 to 2002 was mainly due to certain subsidiaries which were not taxable due to utilisation of unabsorbed losses and/or capital allowances brought forward.
10. The gross earnings/(loss) per share has been calculated based on the profit/(loss) before taxation but after minority interest and on the assumption that the issued and paid-up share capital of KBES of 101,450,000 each KBES Shares has been in issue throughout the period under review.
11. The net earnings/(loss) per share has been calculated based on the profit/(loss) after taxation and after minority interest and on the assumption that the issued and paid-up share capital of KBES of 101,450,000 KBES Shares has been in issue throughout the period under review.
12. The fully diluted gross earnings/(loss) per share has been calculated based on the profit/(loss) before taxation but after minority interest and on the assumption that the issued and paid-up share capital of KBES of 126,000,000 KBES Shares (after public issue/private placement) has been in issue throughout the period under review.
13. The fully diluted net earnings/(loss) per share has been calculated based on the profit/(loss) after taxation and after minority interest and on the assumption that the issued and paid-up share capital of KBES of 126,000,000 KBES Shares (after public issue/private placement) has been in issue throughout the period under review.

Further information on the historical financial performance of the KBES Group is set out in Section 12 of this Prospectus.

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## 2. INFORMATION SUMMARY

### 2.4 Summary of the proforma consolidated balance sheets as at 30 June 2003

The proforma consolidated balance sheets of KBES for the six (6) months as at 30 June 2003 set out below have been prepared solely to illustrate the effects of the Restructuring Scheme, Rights Issue, IPO and utilisation of proceeds received from the Rights Issue and Public Issue on the assumption that these transactions were effected at that date and should be read in conjunction with the notes and assumptions to the proforma consolidated balance sheets set out in Section 11.11 of this Prospectus.

		(I)	(II)	(III)	(IV)
	Audited as at 30.06.2003	After Restructuring Scheme	After (I) and Rights Issue	After (II) and Public Issue	After (III) and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	51,888	51,888	51,888	62,738
<u>Current assets</u>					
Inventories	-	922	922	922	922
Trade receivables	-	9,360	9,360	9,360	9,360
Other receivables, deposits and prepayments <sup>1</sup>	54	5,962	5,962	5,962	5,962
Cash and bank balances	-	250	6,681	25,034	9,244
	54	16,494	22,926	41,338	25,488
<u>Current liabilities</u>					
Trade payables	-	3,649	3,649	3,649	3,649
Other payables and accruals	60	4,088	4,088	4,088	4,088
Amount owing to directors	2	19	19	19	19
Term loans	-	1,052	1,052	1,052	145
Hire-purchase payables	-	532	532	532	532
Lease payables	-	614	614	614	614
Tax liabilities	-	5,093	5,093	5,093	5,093
Bank overdraft	-	1,193	1,193	1,193	1,193
	62	16,240	16,240	16,240	15,333
Net current assets / (liabilities)	(8)	254	6,686	25,098	10,155
	(8)	52,142	58,574	76,986	72,893
<u>Financed by:</u>					
Share capital	-	46,131	50,725	63,000	63,000
Share premium	-	-	1,838	7,975	5,975
Retained profits	(8)	(8)	(8)	(8)	(8)
	(8)	46,123	52,555	70,967	68,967
Negative Goodwill	-	556	556	556	556
Minority interest	-	844	844	844	844
<u>Long-term and deferred liabilities</u>					
Term loans	-	2,093	2,093	2,093	-
Hire purchase payables	-	356	356	356	356
Lease payables	-	595	595	595	595
Deferred tax liabilities	-	1,576	1,576	1,576	1,576
	-	4,619	4,619	4,619	2,527
	(8)	52,142	58,574	76,986	72,893
*RM2.00					
NTA	(8)	46,679	53,110	71,523	69,523
NTA per KBES Share	(8)	0.51	0.52	0.57	0.55

## 2. INFORMATION SUMMARY

### 2.5 Audit qualification in the audited accounts for the past five (5) financial years

There were no qualifications recorded in the audited accounts of the KBES Group for the past five (5) FYE 31 December 2002 and the six (6) months ended 30 June 2003.

### 2.6 Risk factors

Applicants should carefully consider the risks factors that may affect the KBES Group and the industry in which it operates, as well as other information set forth in this Prospectus. Some of the risk factors that should be considered include, but are not limited to the following:

- (i) No prior market for KBES Shares;
- (ii) Control by substantial shareholders;
- (iii) Industry risks;
- (iv) Licensing and regulation;
- (v) Government legislation and policies;
- (vi) Barriers to entry;
- (vii) Competition;
- (viii) Difficulty to obtain financing;
- (ix) Dependence on key personnel;
- (x) Management succession plan;
- (xi) Profit estimate and forecast;
- (xii) Under provision of tax penalty payment
- (xiii) Dividend payment; and
- (xiv) Forward-looking statements.

Further information on the abovementioned risk factors is set out in Section 4 of this Prospectus. We advise investors to carefully consider the risk factors, together with the other information contained in this Prospectus before applying for the IPO Shares.

### 2.7 Principal statistics relating to the IPO

#### 2.7.1 Share capital

	RM
<b>Authorised</b>	
200,000,000 KBES Shares	<u>100,000,000</u>
<b>Issued and fully paid-up</b>	
101,450,000 KBES Shares	50,725,000
<b>To be issued pursuant to the Public Issue</b>	
24,550,000 KBES Shares	12,275,000
<b>Enlarged issued and paid-up share capital</b>	
126,000,000 KBES Shares	<u>63,000,000</u>

#### 2.7.2 Classes of shares and rights

There is only one (1) class of shares in the Company, being ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares, upon allotment and issue, will rank pari passu in all respect with the existing issued and paid-up ordinary shares of the Company, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

#### 2.7.3 IPO price per KBES Share RM0.75

## 2. INFORMATION SUMMARY

### 2.7.4 Proforma consolidated NTA as at 30 June 2003

	RM
Proforma consolidated NTA <sup>1</sup>	69,523
Proforma consolidated NTA per KBES Share <sup>2</sup>	0.55

**Notes:**

1. After the Restructuring Scheme, IPO and after deducting the estimated listing expenses of RM2.0 million
2. Based on the enlarged issued and paid-up share capital of 126,000,000 KBES Shares after the Restructuring Scheme, IPO and after deducting the estimated listing expenses of RM2 million

Further information on the abovementioned principal statistics relating to the IPO is set out in Section 3 of this Prospectus.

### 2.7.5 Profit estimate and forecast

	Estimate 2003 RM'000	Forecast 2004 RM'000
<b>FYE 31 December</b>		
Revenue	60,061	65,437
Consolidated PBT	14,652	17,284
Less: Taxation	(2,073)	(3,969)
Consolidated PAT	12,579	13,315
Less: MI	(220)	(220)
Consolidated PAT and MI	12,359	13,095

**Based on the enlarged issued and paid-up share capital of KBES of 126,000,000 KBES Shares**

Gross EPS (sen)	11.63	13.72
Net EPS (sen)	9.81	10.39
Gross PE multiple based on the issue price of RM0.75 per KBES Share (times)	6.45	5.47
Net PE multiple based on the issue price of RM0.75 per KBES Share (times)	7.65	7.22

Further notes and assumptions on the profit estimate and forecast are set out in Section 11.7 of this Prospectus.

### 2.7.6 Dividend estimate and forecast

	Estimate 2003	Forecast 2004
<b>FYE 31 December</b>		
Gross dividend per KBES Share (sen)	4.00	4.00
Net dividend per KBES Share (sen)	2.88	2.88
Gross dividend yield based on the issue price of RM0.75 per KBES Share (%)	5.34	5.34
Net dividend yield based on the issue price of RM0.75 per KBES Share (%)	3.84	3.84
Net dividend cover (times)	2.45	2.59

Further information on the dividend estimate and forecast and policy is set out in Section 11.9 of this Prospectus.



## 2. INFORMATION SUMMARY

### 2.8 Utilisation of proceeds from the Rights Issue and Public Issue

The Rights Issue and Public Issue are expected to raise approximately RM6,431,550 and RM18,412,500 million respectively amounting to a total gross proceeds of RM24,844,050 which will be utilised for the following purposes:

Utilisation	RM'000	Time frame from Listing Months
Repayment of bank borrowings	3,000	6
Purchase of new buses	10,850	18
Working capital	8,994	6
Estimated listing expenses	2,000	6
<b>TOTAL</b>	<b>24,844</b>	

### 2.8.1 Utilisation of proceeds from the Offer for Sale

The gross proceeds from the Offer for Sale of RM6,750,000 million shall accrue to the Offeror and no part of the proceeds from the Offer for Sale is receivable by KBES. The Offeror shall bear all expenses relating to the Offer Shares including underwriting commission, brokerage, stamp duty, registration and transfer fees.

Further explanation on the utilisation of the proceeds from the Public Offer and Offer for Sale is disclosed in Section 3.7 of this Prospectus.

### 2.9 Working capital, borrowings, material litigations, capital commitments and contingent liabilities

#### 2.9.1 Working capital

The Directors of KBES are of the opinion that after taking into account the cashflow estimate and forecast, the banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the working capital available to the Group will be sufficient for a period of twelve (12) months from 10 November 2003, (being the latest practicable date prior to the registration of this Prospectus).

#### 2.9.2 Borrowings

As at 10 November 2003 (being the latest practicable date prior to the registration of this Prospectus), the total bank borrowings of the Group amounted to RM4,264,347. These borrowings are interest-bearing and comprise the following:

	Payable within twelve (12) months RM	Payable after twelve (12) months RM	Total outstanding RM
Term loan	1,068,908	2,000,521	3,069,429
Bank overdraft	1,194,918	-	1,194,918
Bankers acceptance	-	-	-
<b>Total</b>	<b>2,263,826</b>	<b>2,000,521</b>	<b>4,264,347</b>

There has been no default on payments of either interest and/or principal sums in respect of any of the abovementioned borrowings throughout the FYE 31 December 2002 and the subsequent six (6) months ended 30 June 2003.

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## **2. INFORMATION SUMMARY**

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### **2.9.3 Material litigations**

As at 10 November 2003, save as disclosed below, neither KBES nor its subsidiaries is engaged in any material litigation, arbitration or claims, either as plaintiff or defendant, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of KBES or its subsidiaries.

As an express bus operator, the KBESM Group is engaged in litigation, arbitration or claims which is usual for its normal course of business including claims arising from property damage and/or personal injuries. The KBESM Group has insurance coverage for such claims. Based on KBESM Group's assessment of known claims and discussion with its insurance agents and risk management personnel, the Directors and management believes that there is no proceeding either threatened or pending against the KBESM Group in relation to such claims arising in the ordinary course of business that, if resolved against the KBESM Group, would materially exceed its insurance coverage.

Further information on the material litigations of the KBES Group is set out in Section 15.5 of this Prospectus.

### **2.9.4 Capital commitments**

As at 10 November 2003, the KBES Group does not have any capital commitment that would have a substantial impact on the profit or net assets of the Group.

### **2.9.5 Contingent liabilities**

As at 10 November 2003, the KBES Group does not have any material contingent liability that upon materialisation would have a substantial impact on the profit or net assets of the Group.

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