

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE KBES GROUP

7.1 Promoters and substantial shareholders

7.1.1 Promoters

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

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

7.1.2 Profile of the promoters

The profile of the promoters whom are also Directors of KBES, namely, Lau Chan Seng and Hai Shah Hairi bin Hassan are set out in Section 7.2.1 of this Prospectus.

7.1.2.1 SZSB

History and business

SZSB was incorporated in Malaysia on 16 December 1981 under the Act with an authorised share capital of RM1,000,000 comprising 1,000,000 Shares. It has a present issued and paid-up share capital of RM760,000 comprising 760,000 Shares. It is principally an investment holding company.

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Directors and substantial shareholders

The Directors and substantial shareholders of SZSB and their shareholdings in SZSB as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Zaleha Bt Wan Zarazillah	4,000	0.53	-	-	Malaysian
Wan Abdullah Seni B Haji Wan Sulaiman	6,000	0.79	-	-	Malaysian
Lau Chan Seng	-	-	750,000 ¹	98.68	Malaysian
Hai Shah Hairi bin Hassan	-	-	750,000 ²	98.68	Malaysian

Notes:

- 1 Deemed interested by virtue of his 46.00% shareholdings in SRBC pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 50.10% shareholdings in SRBC pursuant to Section 6A of the Act

Substantial shareholder	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
SRBC	750,000	98.68	-	-	Malaysia
Lau Chan Seng	-	-	750,000 ¹	98.68	Malaysian
Hai Shah Hairi bin Hassan	-	-	750,000 ²	98.68	Malaysian

Notes:

- 1 Deemed interested by virtue of his 46.00% shareholdings in SRBC pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 50.10% shareholdings in SRBC pursuant to Section 6A of the Act

7.1.2.2 UCSB

History and business

UCSB was incorporated in Malaysia on 13 January 1994 under the Act with an authorised share capital of RM10,000,000 comprising 10,000,000 Shares. It has a present issued and paid-up share capital of RM7,276,066 comprising 7,276,066 Shares. It is principally an investment holding company.

Directors and substantial shareholders

The Directors and substantial shareholders of UCSB and their shareholdings in UCSB as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Waseem Ahmad Bin Abdul Hanan	-	-	7,137,399 ¹	98.09	Malaysian
Low Guan Theong	-	-	2,546,623 ²	35.00	Malaysian
Lau Siau Beng	-	-	-	-	Malaysian

Notes:

- 1 Deemed interested by virtue of his 38.41% shareholdings in RBSB and his 51.00% shareholdings in ARSB pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 49.00% shareholdings in ARSB pursuant to Section 6A of the Act

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Substantial shareholders	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
RBSB	4,590,776	63.09	-	-	Malaysia
ARSB	2,546,623	35.00	-	-	Malaysia
Waseem Ahmad bin Abdul Hanan	-	-	7,137,399 ¹	98.09	Malaysian
Hai Shah Hairi bin Hassan	-	-	4,590,776 ²	63.09	Malaysian
Low Guan Theong	-	-	2,546,623 ³	35.00	Malaysian

Notes:

- 1 Deemed interested by virtue of his 38.41% shareholdings in RBSB and his 51.00% shareholding in ARSB pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 61.59% shareholdings in RBSB pursuant to Section 6A of the Act
- 3 Deemed interested by virtue of his 49.00% shareholdings in ARSB pursuant to Section 6A of the Act

7.1.2.3 ST Corporation

History and business

ST Corporation was incorporated in Malaysia on 10 September 1996 under the Act with an authorised share capital of RM10,000,000 comprising 10,000,000 Shares. It has a present issued and paid-up share capital of RM8,000,000 comprising 8,000,000 Shares. It is principally an investment holding and property investment company.

Directors and substantial shareholders

The Directors and substantial shareholders of ST Corporation and their shareholdings in ST Corporation as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Hai Shah Hairi bin Hassan	1	-	7,999,998	100.00 ¹	Malaysian
Lau Siau Chuan	1	-	7,999,998	100.00 ²	Malaysian

Notes:

- 1 Deemed interested by virtue of his 35.00% shareholdings in ST Capital which in turn holds 100.00% interest in ST Corporation pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 65.00% shareholdings in ST Capital which in turn holds 100.00% interest in ST Corporation pursuant to Section 6A of the Act

Substantial shareholders	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
ST Capital	7,999,998	100.00	-	-	Malaysia
Hai Shah Hairi bin Hassan	1	-	7,999,998	100.00 ¹	Malaysian
Lau Siau Chuan	1	-	7,999,998	100.00 ²	Malaysian

Notes:

- 1 Deemed interested by virtue of his 35.00% shareholdings in ST Capital which in turn holds 100.00% interest in ST Corporation pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his 65.00% shareholdings in ST Capital which in turn holds 100.00% interest in ST Corporation pursuant to Section 6A of the Act

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7.1.3 Substantial shareholders

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

Name	Nationality / Country of incorporation	Direct		Indirect	
		No. of KBES Shares	%	No. of KBES Shares	%
SZSB	Malaysia	54,371,541	43.15	-	-
UCSB	Malaysia	14,060,996	11.16	-	-
Lau Chan Seng ¹	Malaysian	13,185,523	10.46	70,064,438 ²	55.61
Hai Shah Hairi bin Hassan ¹	Malaysian	3,703,573	2.94	69,834,438 ³	55.42
SRBC	Malaysia	-	-	54,371,541 ⁴	43.15
RBSB	Malaysia	-	-	14,060,996 ⁵	11.16
ARSB	Malaysia	-	-	14,060,996 ⁶	11.16
Waseem Ahmad bin Abdul Hanan	Malaysian	-	-	14,060,996 ⁷	11.16
Low Guan Theong ¹	Malaysian	100,000	0.08	81,618,060 ⁸	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% 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 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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7.1.4 Profiles of substantial shareholders

The profiles of the substantial shareholders of KBES who are also the promoters i.e. SZSB and UCSB are set out in Section 7.1.2 of this Prospectus. The profiles of the substantial shareholders of KBES who are also the promoters and Directors of KBES i.e. Lau Chan Seng and Hai Shah Hairi bin Hassan are set out in Section 7.2.1 of this Prospectus. The profiles of the remaining substantial shareholders are set out below:

7.1.4.1 Lau Siau Chuan

Lau Siau Chuan, age 35, is the son of Lau Chan Seng, the Managing Director of KBES. He is currently the Production Director of ST Corporation, an investment holding and property investment company, a position which he has held since 1997. He is also a Director and a substantial shareholder of ST Capital, an investment holding company.

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7.1.4.2 SRBC

History and business

SRBC was incorporated in Malaysia on 2 August 1996 under the Act as a private limited company under the name of Orkid Gerimis Sdn Bhd. It assumed its present name on 13 May 1998. SRBC has an authorised share capital of RM500,000 comprising 500,000 Shares of which are fully issued and paid-up share capital. It is principally an investment holding company.

Directors and substantial shareholders

The Directors and substantial shareholders of SRBC and their shareholdings in SRBC as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Lau Chan Seng	230,000	46.00	-	-	Malaysian
Hai Shah Hairi bin Hassan	250,500	50.10	-	-	Malaysian
Lau Siau Chuan	9,750	1.95	230,000 ¹	46.00	Malaysian

Note:

- 1 Deemed interested by virtue of his father's, Lau Chan Seng, 46.00% interest in SRBC pursuant to Section 6A of the Act

Substantial shareholders	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Hai Shah Hairi bin Hassan	250,500	50.10	-	-	Malaysian
Lau Chan Seng	230,000	46.00	-	-	Malaysian
Lau Siau Chuan	9,750	1.95	239,750 ¹	47.95	Malaysian
Lau Siau Beng	9,750	1.95	239,750 ²	47.95	Malaysian

Notes:

- 1 Deemed interested by virtue of his father's, Lau Chan Seng, 46.00% interest in SRBC and his brother's, Lau Siau Beng, interest in SRBC pursuant to Section 6A of the Act
- 2 Deemed interested by virtue of his father's, Lau Chan Seng, 46.00% interest in SRBC and his brother's, Lau Siau Chuan, interest in SRBC pursuant to Section 6A of the Act

7.1.4.3 RBSB

History and business

RBSB was incorporated in Malaysia on 2 August 1995 under the Act as a private limited company with an authorised share capital of RM1,000,000 comprising 1,000,000 Shares. It has a issued and paid-up share capital of RM958,002 comprising 958,002 Shares. It is principally an investment holding company.

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Directors and substantial shareholders

The Directors and substantial shareholders of RBSB and their shareholdings in RBSB as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Lau Siau Beng	-	-	-	-	Malaysian
Low Guan Theong	-	-	-	-	Malaysian
Waseem Ahmad bin Abdul Hanan	367,985	38.41	-	-	Malaysian

Substantial shareholders	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Hai Shah Hairi bin Hassan	590,017	61.59	-	-	Malaysian
Waseem Ahmad bin Abdul Hanan	367,985	38.41	-	-	Malaysian

7.1.4.4 ARSB

History and business

ARSB was incorporated in Malaysia on 5 July 1994 under the Act with an authorised share capital of RM100,000 comprising 100,000 Shares. It has a present issued and paid-up share capital of RM10,000 comprising 10,000 Shares. It is principally an investment holding company.

Directors and substantial shareholders

The Directors and substantial shareholders of ARSB and their shareholdings in ARSB as at 10 November 2003 are set out as follows:

Directors	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Waseem Ahmad bin Abdul Hanan	5,100	51.00	-	-	Malaysian
Low Guan Theong	4,900	49.51	-	-	Malaysian

Substantial shareholders	Direct		Indirect		Nationality
	No. of Shares held	%	No. of Shares held	%	
Waseem Ahmad bin Abdul Hanan	5,100	51.00	-	-	Malaysian
Low Guan Theong	4,900	49.51	-	-	Malaysian

7.1.4.5 Waseem Ahmad bin Abdul Hanan

Waseem Ahmad bin Abdul Hanan, age 39, is deemed a substantial shareholder of KBES by virtue of his 38.41% shareholdings in RBSB which in turn holds 63.09% interest in UCSB and his 51.00% shareholdings in ABSB which in turn holds 35.00% interest in UCSB upon completion of the IPO. UCSB owns 11.16% of the enlarged issued and paid-up share capital of KBES. He graduated from the Aligarh Muslim University, India with a Bachelor of Arts (Honours) in 1986. He joined Latexx Partners Berhad, a company listed on the Second Board of the KLSE in 1988 as an Executive and left in 1996. He is currently the Managing Director and a substantial shareholder of a private limited company, Maple Lace Sdn Bhd, a company principally involved in the manufacture of textiles.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE KBES GROUP

7.1.5 Promoters' and substantial shareholders' and / or their substantial shareholdings in other public companies for the past two (2) years

None of the promoters and substantial shareholders of KBES have any directorships and / or substantial shareholdings in other public companies for the past two (2) years.

7.1.6 Changes in the promoters' and substantial shareholders' shareholdings in KBES for the past three (3) years

KBES was incorporated on 22 October 2002. The changes in the promoters' and substantial shareholders' shareholdings (direct and / or indirect interest) in KBES for the past three (3) years are as follows:

Promoters / substantial shareholders	Shareholdings as at 31 December 2001				Shareholdings as at 31 December 2002				Shareholdings as at 14 November 2003 ¹			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of KBES Shares	%	No. of KBES Shares	%	No. of KBES Shares	%	No. of KBES Shares	%	No. of KBES Shares ¹	%	No. of KBES Shares	%
Lau Ah Meng	-	-	-	-	1	50.00	-	-	1	-*	-	-
Tai Chai Lan	-	-	-	-	1	50.00	-	-	1	-*	-	-
Promoter and substantial shareholder												
SZSB	-	-	-	-	-	-	-	-	54,371,541	53.59	-	-
UCSB	-	-	-	-	-	-	-	-	14,060,996	13.86	-	-
Lau Chan Seng	-	-	-	-	-	-	-	-	13,085,523	12.90	78,834,438 ²	77.71
Hai Shah Hairi bin Hassan	-	-	-	-	-	-	-	-	3,603,573	3.55	78,834,438 ³	77.71
Promoter												
ST Corporation	-	-	-	-	-	-	-	-	10,401,901	10.25	-	-
Substantial shareholder												
SRBC	-	-	-	-	-	-	-	-	-	-	54,371,541 ⁴	53.59
RBSB	-	-	-	-	-	-	-	-	-	-	14,060,996 ⁵	13.86
ARSB	-	-	-	-	-	-	-	-	-	-	14,060,996 ⁶	13.86
Waseem Ahmad bin Abdul Hanan	-	-	-	-	-	-	-	-	-	-	14,060,996 ⁷	13.86
Low Guan Theong	-	-	-	-	-	-	-	-	-	-	81,518,060 ⁸	80.35

Notes:

- * Negligible
- 1 After the Restructuring Scheme but prior to IPO
- 2 Deemed interested by virtue of his 46.00% shareholdings in SRBC which in turn holds 98.68% interest in SZSB, his sons', Lau Siau Chuan and Lau Siau Beng, interests in KBES and his brother's, Low Guan Theong, interest in KBES 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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7.2 Directors

7.2.1 Profile of the Directors

Md Azar bin Ismail, age 53, was appointed as the Independent Non-Executive Chairman of KBES on 1 November 2003 and is the Chairman of the Audit Committee. He has more than 20 years of working experience in the banking and finance industry. He began his career as a bank officer in 1970 with the Chartered Bank (*now known as Standard Chartered Bank Berhad*). Thereafter, he held the position of Manager in Arab Malaysian Finance Berhad from 1981 to 1982. Subsequently, he held the position of Head of Credit in Kwong Yik Bank Berhad and left the position in 1985 to join the Pacific Bank Berhad in the same year. He left Pacific Bank Berhad as a Senior Manager in 1992.

Upon leaving the banking and finance industry, he sits on the board of several private and public listed companies. He is currently the Chairman of STS Technic Berhad and Bina Goodyear Berhad, whereby both companies are listed on the Second Board of the KLSE. He is also a Director of Integrated Logistics Berhad, a company listed on the Main Board of the KLSE.

Lau Chan Seng, age 57, was appointed as the Managing Director / Chief Executive Officer of KBES on 1 November 2003. He has over 20 years of working experience in bus operations and the public transportation industry and is responsible for the management and marketing of the KBES Group. Upon leaving school, he started his own business selling sundry items. After which, he started his own school bus and factory bus operations in 1967. Soon after, he started a partnership, namely Super Auto Workshop which is primarily involved in the building of coaches. In 1982, his coach building business was transferred to a private company, TSCB and he was appointed as the Managing Director of the holding company of TSCB, namely Taiping Super Berhad, a public company listed on the KLSE. He left Taiping Super Berhad in 1997 to set up the KBESM Group. He is currently in-charge for the over-all operations of the KBESM Group and is responsible for the growth of the KBESM Group. Prior to setting up the KBESM Group, he was also the Deputy Chairman of Latexx Partners Berhad, another public company listed on the KLSE, from 1993 to 1997. He no longer holds any position in Latexx Partners Berhad.

Hai Shah Hairi bin Hassan, age 39, was appointed as the Executive Director / Chief Operating Officer of KBES on 1 November 2003. He has more than 15 years of working experience in the express bus industry. Upon leaving school, he joined Super Auto Workshop as an apprentice mechanic where he learnt various aspects of coach fabrication. In 1993, he joined THR as an Express Bus Operation Manager. In 1998, he became an entrepreneur by acquiring 50.1% interest in SRBC. Presently, he oversees the day-to-day operations of the buses and management of the ticketing counters, bus stations, trips planning and procurement of new permits. He frequently visits international motor shows to keep abreast of new developments in the bus industry. In 2002, he attended the Hinomotor Japan Mechanical Training course.

Fong Weng Keong, age 48, was appointed as the Executive Director / Chief Financial Officer of KBES on 1 November 2003 and is a member of the Audit Committee. He qualified as a Chartered Accountant from the Institute of Chartered Accountants of India in 1984 and subsequently became a member of the Malaysian Institute of Accountants. He was previously a Financial Controller of Taiping Super Berhad for 2 years from 1996 to 1998 and a Senior Group Accountant of Latexx Partners Berhad from 1994 to 1996. Prior to that, he was attached to Cargill Holdings (M) Sdn Bhd, an investment holding company and Coopers & Lybrand, a public accounting firm. He is also currently a Director of D.B.E. Gurney Resources Berhad.

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Low Guan Theong, age 43, was appointed as the Executive Director of KBES on 1 November 2003. He has accumulated more than 15 years of working experience in the motor vehicles and express bus industry and has been actively involved in the management of the maintenance and operations of the buses in the KBESM Group. He began his career in the motor vehicles and express bus industry upon leaving school in 1977 where he worked as a mechanic with Super Motors (a partnership mainly involved in motor repairs) until 1981. He joined TSCB in 1982 as a production supervisor for three (3) years. He joined Rimat Sdn Bhd, a housing developer in 1985 as a General Manager. He left in 1990 and joined THR as an Executive Director.

Malik Parvez Ahmad bin Nazir Ahmad, age 34, was appointed as the Independent Director of the KBES Group on 1 November 2003 and is a member of the Audit Committee. He is an accountant by profession and has over 10 years experience in the profession. He graduated from the International Islamic University in 1992 with a Bachelor of Accounting degree. He is also a Chartered Accountant with the Malaysian Institute of Accountants. He worked in KPMG Peat Marwick from 1993 to 1997 and held the position of Senior Auditor when he left and joined Medtexx Partners Incorporated in the United States of America as an Accountant in 1998. He is currently the Financial Controller of D.B.E. Gurney Resources Berhad, which he joined in 2002.

7.2.2 Directors' shareholdings in KBES

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

Name	Designation	Direct		Indirect	
		No. of KBES Shares	%	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 ²	55.61
Hai Shah Hairi bin Hassan	Executive Director	3,703,573	2.94	69,834,438 ³	55.42
Fong Weng Keong	Executive Director	629,937	0.50	-	-
Low Guan Theong	Executive Director	100,000	0.08	81,618,060 ⁴	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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7.2.3 Directors' directorship and / or substantial shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the directors of KBES have any directorships and / or substantial shareholdings in other public companies for the past two (2) years.

	% of equity held	Position in company	Date of appointment	Date of resignation
<u>Md Azar bin Ismail</u>				
STS Technic Berhad	1.00	Chairman	8 February 1995	-
Bina Goodyear Berhad	13.69	Chairman	10 January 1995	-
Integrated Logistics Berhad	-	Director	10 July 1996	-
<u>Fong Weng Keong</u>				
D.B.E. Gurney Resources Berhad	-	Director	28 October 2003	-

7.2.4 Directors' remuneration and benefits

For the FYE 31 December 2002 and the six (6) months ended 30 June 2003, the aggregate remuneration and benefits paid to the Directors of the KBES Group for services rendered in all capacities to the Company and its subsidiaries were RM611,827 and RM352,012 respectively. For the FYE 31 December 2003, the amount payable to the Directors for services rendered in the aforesaid capacities to the Company and its subsidiaries is estimated to be RM853,812.

The number of Directors in the various remuneration bands is set out below:

Remuneration band RM	FYE								
	31 December 2002			31 December 2003			Six (6) months ended 30 June 2003		
	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total
0 – 100,000	1	-	1	1	2	3	2	-	2
100,001 – 200,000	1	-	1	2	-	2	-	-	-
Above 200,000	1	-	1	1	-	1	1	-	1

7.3 Audit Committee

The composition of the Audit Committee is as follows:

Name	Responsibility	Directorship
Md Azar bin Ismail	Chairman of the Committee	Independent Non-Executive Director
Malik Parvez Ahmad bin Nazir Ahmad	Member of the Committee	Independent Non-Executive Director
Fong Weng Keong	Member of the Committee	Executive Director

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE KBES GROUP

The Audit Committee is responsible for making recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviewing and evaluating the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflicts of interest. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

7.4 Key management

7.4.1 Profiles of key management

KBESM

The profiles of the key management of KBESM whom are also Directors of KBES, namely, Lau Chan Seng, Hai Shah Hairi bin Hassan, Fong Weng Keong and Low Guan Theong are set out in Section 7.2.1 of this Prospectus.

Lau Siau Beng, age 32, is the Maintenance and Purchasing Manager of KBESM and is responsible for the purchasing activities and quality control of the spare parts and materials for the KBESM Group. Upon leaving school in 1986, he joined Super & Co Sdn Bhd (a company mainly involved in the repairs of motor vehicles) as a mechanic. He joined Rimat Sdn Bhd (a housing developer) as a site supervisor in 1990. In 1998, he joined SRBC as a workshop supervisor until 2001 before joining KBESM.

Saw Hai Seng, age 48, is the Assistant Maintenance and Purchasing Manager of KBESM. He has more than 5 years experience in the control and management of the maintenance workshop. Prior to being transferred to KBESM in 2001, he was an Assistant Maintenance Manager of THR from 1999 to 2001 and an Assistant Operation Administration Manager of Express Consortium Services Sdn Bhd from 1997 to 1999. Before venturing into the operations division of Express Consortium Services Sdn Bhd, he was the Assistant Accountant of TSCB from 1994 to 1996. He was awarded a vocational qualification from the Association of Accounting Technicians in 1991. Prior to joining TSCB, he was attached with Mah Poh Cheong Co. Sdn Bhd (a company mainly involved in property investment and oil palm plantation) for 20 year as an Accounts Clerk and later as an Accounts Executive.

Pharn Be Ling, age 37, is the Assistant Finance Manager of KBESM and is responsible for the accounting and financial functions of the Accounts Department. She holds a Diploma in Accounting (Higher Level) from the London Chamber of Commerce and Industry in 1993 and is currently pursuing a diploma from The Association of Chartered Accountants, in which she had completed Part I of the diploma examination. She has more than 8 years of working experience in the accounting of businesses involved in property development and bus operations. Prior to being transferred to KBESM in 2001, she was attached to Santero Sdn Bhd from 1999 to 2001 as a Senior Accounts Executive and prior to that, she was attached with Express Consortium Services Sdn Bhd as a Senior Accounts Executive from 1997 to 1999. Prior to that, she was attached to Rimat Sdn Bhd as an Accounts Executive.

SCM

Saharuddin bin Mahmud, age 37, is the Production Executive of SCM and is responsible for overseeing day-to-day operations of the production and maintenance department. He joined SCM in 1997 as an air-conditioner fitter. He was later promoted to be the Production Supervisor of SCM in 1999 and then to Production Executive of SCM in 2003. Prior to joining SCM in 1997, he was involved in various aspects of the manufacturing of air-conditioners for the express bus industry as he was a welder of motor parts for nine (9) years upon leaving school and subsequently a production operator for air-conditioners for five (5) years from 1993 to 1997.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE KBES GROUP

Ding Chek Kooi, age 46, is the Assistant Production Executive of SCM and is responsible for assisting the Production Executive in overseeing the production of air-conditioner parts and assembly of air-conditioners. Prior to joining SCM in 1997, he was attached with Yip Thong Coach Builder Sdn Bhd from 1995 to 1996 as an air-conditioner mechanic. From 1989 to 1995, he was attached with Chun Air Conditioning & Servicing Company and was involved in the repairs and maintenance of air-conditioners. He gained substantial experience in the assembly of bus and bus parts through on-the-job training upon leaving school in 1969. He trained as a welder for general iron works for four (4) years before becoming a production operator of air-conditioner parts and bus seats in 1975 to 1988.

Ng Yook Kooi, age 45, is the air-conditioner technician of SCM. He has more than 10 years experience as an air-conditioner technician. Upon leaving school, he worked as a general welder for eight (8) years before becoming an air-conditioner technician in 1980 where he joined TSCB. After ten (10) years, he joined SCM also as an air-conditioner technician.

7.4.2 Key management's shareholdings in KBES

Save as disclosed below, none of the other members of the key management have any shareholdings in KBES after the IPO.

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

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE KBES GROUP

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

7.5 Declaration by the Directors and key management

None of the Directors or key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7.6 Relationship and association

Save as disclosed below, there is no other relationship and association between the promoter, substantial shareholders, Directors and key management of the KBES Group:

- (i) Lau Siau Chuan and Lau Siau Beng are the sons of Lau Chan Seng; and
- (ii) Low Guan Theong is the brother of Lau Chan Seng.

7.7 Service agreements

None of the Directors or key management of the KBES Group have any existing or proposed service agreements with the Company or any of its subsidiaries, excluding agreements expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year.

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8. APPROVALS AND CONDITIONS

8.1 Approvals required

The Restructuring Scheme is conditional upon the following approvals being obtained:

- (i) The SC, the approval of which was obtained on 18 August 2003;
- (ii) The MITI, the approval of which was obtained on 20 June 2003; and
- (iii) The FIC, the approval of which was obtained via the SC on 18 August 2003.

8.2 Conditions to the approvals and status of compliance

The conditions imposed by the SC and the status of compliance is as follows:

	Conditions Imposed	Status of Compliance
1.	Full disclosure to be made in the Prospectus of KBES to be issued in relation to the status of the tax liability and penalty (if any) imposed by the Inland Revenue Board, steps taken, presently being taken and/or to be taken to resolve the tax liability which remain outstanding and/or tax penalty as well as steps to ensure that the failure to submit /late submission of tax returns/assessments and/or tax avoidance will not recur	Complied. Please refer to section 4.12 of this Prospectus
2.	Prior to the issuance of the Prospectus, all Vendors of KBESM and SCM are to furnish written undertakings to the SC and KBES stating that they will indemnify KBES for: <ol style="list-style-type: none"> (a) all penalties imposed by IRB on the late submission of tax returns/assessments by KBESM Group and SCM; and (b) All tax liabilities which remain outstanding (in relation to any amounts exceeding the provisions of the relevant companies made in the accounts. 	Complied as per letter to the SC dated 18 November 2003.
3.	Prior to the issuance of the Prospectus, the Board of Directors of KBES is to furnish the SC with a written undertaking that it will at all times comply with all laws and regulations in respect of the business operations, including but not limited to the statutory requirements to return/file the tax assessments as well as to pay tax within the stipulated time	Complied as per letter to the SC dated 18 November 2003.
4.	The payment of the dividend by KBESM is subject to the following conditions: <ul style="list-style-type: none"> • Upon the payment of the dividend, the net tangible assets of KBESM must not be lower than the purchase consideration of KBESM by KBES, i.e RM40,161,894; • KBESM has sufficient tax credit under Section 108 of the Income Tax Act, 1967; and • The payment of the dividend must be from internally-generated funds of KBESM <p>According to the disclosure made in your application, the total dividend shall not exceed the profit after tax of KBESM for the 9-month period ending 30 September 2003.</p>	Complied. The dividend was paid out on 18 October 2003.
5.	Any business transactions between KBES Group and/or related companies of the Promoters/Directors of KBES are to be conducted on an "arms-length" basis and shall not involve any special terms beyond the normal commercial terms which may be detrimental to the KBES Group. The Audit Committee is required to monitor and all Directors of the KBES Group to report of any such dealings, if any, in the Annual Report of KBES Group on a yearly basis.	Will be complied.

8. APPROVALS AND CONDITIONS

	Conditions Imposed	Status of Compliance
6.	KBES is required to make detailed disclosure in the Prospectus of the following: <ul style="list-style-type: none"> Any business dealings between the KBES Group and the related parties connected to the Promoters/Directors of KBES; An effective management succession plan to ensure the business continuity of KBES and a good corporate governance plan; and The mitigation of all types of risks which may have a negative effect on the operations and earnings of the Company which is related to the express bus industry as well as assembly/manufacturing of air-conditioner units for buses, including but not limited to the risk in relation to high operational costs and substantial reliance on the bus ticket sales agents. 	<p>Complied. Please refer to section 9.1.1 of this Prospectus.</p> <p>Complied. Please refer to section 4.10 of this Prospectus.</p> <p>Complied. Please refer to sections 4.3 to 4.8 of this Prospectus.</p>
7.	Full compliance with all the requirements relating to the listing of companies as set out under our Policies and Guidelines on Issue/Offer of Securities (prior to the 1 May 2003) amendment.	Will be complied.

The conditions imposed by the MITI and the status of compliance is as follows:

	Conditions Imposed	Status of Compliance
1.	MITI confirmed that the existing Bumiputera equity interest in KBES is 38.1% subject to the condition that only 30.0% of the 38.10% may be sold within three (3) months from the date the Shares is listed on the Official List of the Main Board of the KLSE. After which, the remaining 70.0% may be sold in stages after prior approval from MITI.	Will be complied.

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9. RELATED PARTY TRANSACTIONS AND / OR CONFLICTS OF INTEREST

9.1 Related Party Transactions

9.1.1 Existing and Proposed Related Party Transaction

Save as disclosed below, other than in the ordinary course of business of the KBES Group, there are no existing or potential related party transactions and conflicts of interest between the KBES Group and its Directors, substantial shareholders and / or persons connected with such a Director or substantial shareholder as defined under Section 122A of the Act and the key management of the KBES Group:

Company	Transacted Party	Nature of transaction	FYE
KBESM	<u>ST Marketing</u> <ul style="list-style-type: none"> Lau Siau Chuan and Hai Shah Hairi bin Hassan are directors and substantial shareholders of ST Marketing. Hai Shah Hairi bin Hassan is a Director of KBES. Lau Siau Chuan's father, Lau Chan Seng is deemed to be connected to him pursuant to Section 6A of the Act. Hence, deemed interested via their substantial shareholdings in ST Capital which holds approximately 100% interest in ST Corporation. ST Corporation holds 100% interest in ST Marketing. 	KBESM purchases express buses from and undertakes its substantial bus body repairs with ST Marketing. The total purchases of express buses made by KBESM from ST Marketing for the six (6) month period ended 30 June 2003 was approximately RM20.45 million, constituting 99.91% of KBESM's total purchases of fixed assets for the six (6) months ended 30 June 2003..	1997 - current
SCM	<u>ST Assembly</u> <ul style="list-style-type: none"> Lau Siau Chuan and Hai Shah Hairi bin Hassan are directors and substantial shareholders of ST Assembly. Lau Siau Chuan's father, Lau Chan Seng is deemed to be connected to him pursuant to Section 6A of the Act. Hence, deemed interested via their substantial shareholdings in ST Capital which holds approximately 100% interest in ST Corporation. ST Corporation holds 100% interest in ST Assembly. 	SCM currently assembles air-conditioners for onward sale solely to ST Assembly. ST Assembly in turn installs the air-conditioners into buses for ST Marketing for subsequent sale. For the six (6) month period ended 30 June 2003, SCM assembled and supplied 50 air-conditioner units for buses where an estimated 25.0% of these buses are sold to the KBESM Group whilst the remaining 75.0% is supplied to other bus companies.	1997 - current

9. RELATED PARTY TRANSACTIONS AND / OR CONFLICTS OF INTEREST

Company	Transacted Party	Nature of transaction	FYE												
SCM	<u>ST Corporation</u> <ul style="list-style-type: none">Lau Siau Chuan and Hai Shah Hairi bin Hassan are directors and substantial shareholders of ST Corporation via their substantial shareholdings in ST Capital, which in turn holds approximately 100% interest in ST Corporation.Lau Siau Chuan's father, Lau Chan Seng is deemed to be connected to him pursuant to Section 6A of the Act.Hence, deemed interested via their substantial shareholdings in ST Capital which holds approximately 100% interest in ST Corporation.	SCM rents its factory measuring 23,040 square feet, office premises and machinery and equipment from ST Corporation. The rental for the above are as follows: <table><tr><th colspan="2">Rental per month</th></tr><tr><th></th><th>RM</th></tr><tr><td>Factory</td><td>28,667</td></tr><tr><td>Office</td><td>1,000</td></tr><tr><td>Machinery</td><td>19,500</td></tr><tr><td>And equipment</td><td></td></tr></table>	Rental per month			RM	Factory	28,667	Office	1,000	Machinery	19,500	And equipment		1997 - current
Rental per month															
	RM														
Factory	28,667														
Office	1,000														
Machinery	19,500														
And equipment															

9.1.2 Unusual transactions

Neither KBES nor its subsidiaries was a party to any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets for the past one (1) financial year immediately preceding the date of this Prospectus.

9.1.3 Outstanding loans

Neither KBES nor its subsidiaries has made any loans including guarantees of any kind to or for the benefit of its related party(ies).

9.1.4 Similar businesses

None of the Directors, or substantial shareholders of KBES has any interest, direct or indirect, in other business, whether quoted or unquoted on a recognised stock exchange, which carries a similar trade as the KBES Group.

9.1.5 Promotions of any assets acquired / to be acquired within two (2) years preceding the date of the Prospectus

Save for the Acquisitions and Settlement described in Sections 6.2.1 to 6.2.3 of this Prospectus and the rental arrangement with SCM described under section 9.1.1 of this Prospectus, none of the Directors or substantial shareholders have any interest, direct or indirect, in the promotion of any assets which have, within the two (2) years immediately preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or its subsidiaries or any contract or any arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

9. RELATED PARTY TRANSACTIONS AND / OR CONFLICTS OF INTEREST

9.2 Other Existing or Potential Related Party Transactions

Save and except for as disclosed under Section 9.1 of this Prospectus, there are no existing or potential related party transactions and conflicts of interest between the KBES Group and its key management and / or persons connected with such a key management as defined under Section 122A of the Act.

9.3 Declaration by Advisers

SIBB confirms that there are no existing or potential interests or conflict of interest in its capacity as the Adviser in relation to the IPO.

Messrs Siva Tan & Co confirms that there are no existing or potential interests or conflict of interest in their capacity as the Auditors and Reporting Accountants in relation to the IPO.

Messrs Teh & Lee confirms that there are no existing or potential interests or conflict of interest in their capacity as the Solicitors in relation to the IPO.

Messrs Frost & Sullivan confirms that there are no existing or potential interests or conflict of interest in their capacity as the Independent Market Research Consultant of KBES Group in relation to the IPO.

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10. OTHER INFORMATION CONCERNING THE KBES GROUP**10.1 Other approvals, major licences and permits**

The other approvals, major licences and permits required for the purpose of conducting the businesses of the KBES Group are listed below:

KBESM

Authority	Date of issue	Type of licence	Equity condition	Status of compliance
LPKP	Various ¹	Express bus permits	Nil	Not applicable
Ministry of Entrepreneur Development	5 April 2001	Approval letter for the formation of consortium	Nil	Not applicable

Note:

1 The KBES Group holds 232 express bus permits

10.2 Summary of landed properties

Information on the landed properties of the KBES Group as at 30 June 2003 are set out below:

Owner	Title no. / location	Description / category of land use	Tenure/ date of expiry of leasehold land	Approximate age of building Years	Land area	Built-up area	Net book value as at 30 June 2003 RM
DRE	Unit 1.08, Kompleks Tun Abdul Razak, held under HBM 2 PTTL/A/255, Bandar Georgetown, Sek. 17, Daerah Timur Laut, Pulau Pinang	Office space	99 years expiry on 1 April 2080	22	203 sq. ft.	-	32,675
STCP ¹	PT 11531 to PT 11534 (inclusive) and PT 11542 to PT 11544 (inclusive) All in the Mukim Asam Kumbang, Daerah Larut dan Matang, Perak	Industrial	99 years expiry on 7 December 2097	3	354,036 sq. ft.	191,700 sq. ft.	9,361,263

Note:

1 The building plan for the factory has been approved on 12 October 2001. The application for Certificate of Fitness of Occupation (CF) was made on 18 November 2002 and is pending approval.

As at 30 June 2003, no revaluation exercise was carried out on the abovementioned properties.

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