

6. INFORMATION ON THE KBES GROUP

6.1 History

KBES was incorporated in Malaysia on 28 October 2002 under the Act 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. The Company was incorporated as an investment holding company to facilitate the listing of the KBES Group on the Main Board of the KLSE. KBES is principally an investment holding company and its two (2) wholly-owned subsidiaries, namely KBESM and SCM, principal activities are set out below:

Subsidiaries	Principal activities
KBESM	Investment holding and operation of express bus services, while its subsidiaries are principally involved in operations of express bus services and property investment
SCM	Assembling air-conditioners for buses, manufacturing air-conditioner parts for buses and providing related maintenance services

The group structure of the KBES Group is set out in Section 2.1 of this Prospectus.

The Company presently has an authorised share capital of RM100,000,000 comprising 200,000,000 KBES Shares, of which 101,450,000 KBES Shares have been issued and fully paid-up. Upon completion of the IPO, the issued and paid-up share capital of KBES will increase to RM63,000,000 comprising 126,000,000 KBES Shares. The changes in the issued and paid-up share capital of the Company since incorporation are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Total issued and paid-up share capital RM
28.10.2002	2	1.00	Cash	2
28.10.2003	80,323,788	0.50	issued at RM0.50 per KBES Share for the acquisition of 100% equity interest in KBESM	40,161,896
28.10.2003	5,819,614	0.50	Issued at RM0.50 per KBES Share for the acquisition of 100% equity interest in SCM	43,071,703
28.10.2003	6,118,666	0.50	Issued at RM0.50 per KBES Share for the settlement of amount owing by KBESM to its Director and amount owing by SCM to its holding company	46,131,036
14.11.2003	9,187,928	0.50	Issued at RM0.70 per KBES Share pursuant to a rights issue on the basis of one (1) new KBES Share for approximately every ten (10) KBES Shares held	50,725,000

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6.2 Restructuring Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of KBES on the Main Board of the KLSE, KBES undertook a restructuring exercise which was approved by MITI on 20 June 2003, FIC (via SC) on 18 August 2003 and SC on 18 August 2003. The Restructuring Scheme involved the following:

6.2.1 KBESM Acquisition

On 25 March 2003, KBES entered into a conditional share sale agreement with the KBESM Vendors to acquire the entire equity interest in KBESM comprising 7,915,000 Shares in KBESM for a total purchase consideration of RM40,161,894 based on the audited NTA of KBESM as at 31 December 2002, satisfied by the issuance of 80,323,788 new KBES Shares to the KBESM Vendors, credited as full paid-up, at an issue price of RM0.50 per KBES Share. The KBES Shares issued rank pari passu in all respects with the existing KBES Shares.

Information on the share exchange is as follows:

KBESM Vendors	Interest acquired		Purchase consideration RM	No. of new KBES Shares issued as consideration
	No. of Shares in KBESM	%		
SZSB	4,872,500	61.56	24,723,662.00	49,447,324
UCSB	1,260,000	15.92	6,393,773.50	12,787,547
DREB	481,500	6.08	2,441,843.00	4,883,686
Lau Chan Seng	928,395	11.73	4,710,990.00	9,421,980
Hai Shah Hairi bin Hassan	322,605	4.08	1,638,605.50	3,277,211
Fong Weng Keong	48,000	0.60	240,971.50	481,943
Rasemi bin Mat Alim	2,000	0.03	12,048.50	24,097
Total	7,915,000	100.00	40,161,894.00	80,323,788

The purchase consideration of RM40,161,894 for the KBESM Acquisition was arrived at based on the audited NTA of KBESM as at 31 December 2002 of RM40,161,894.

On 18 October 2003, KBESM declared and paid dividends amounting to approximately RM4,219,613 to the shareholders of KBESM. The dividends were paid out of the profits of KBESM generated during the six (6) month period ended 30 June 2003 based on the proforma consolidated audited income statement for the said period.

6.2.2 SCM Acquisition

On 25 March 2003, KBES entered into a conditional share sale agreement with ST Corporation to acquire the entire equity interest in SCM comprising 450,000 Shares in SCM for a total purchase consideration of RM2,909,807 based on the audited NTA of SCM as at 31 December 2002, 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. The KBES Shares issued rank pari passu in all respects with the existing KBES Shares.

Information on the share exchange is as follows:

Vendor of SCM	Interest acquired		Purchase consideration RM	No. of new KBES Shares issued as consideration
	No. of Shares in SCM	%		
ST Corporation	450,000	100	2,909,807	5,819,614

The purchase consideration of RM2,909,807 for the SCM Acquisition was arrived at based on the audited NTA of SCM as at 31 December 2002 of RM2,909,807.

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6.2.3 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 based on the last audited accounts of KBESM for the FYE 31 December 2002, via 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 based on the last audited accounts of SCM for the FYE 31 December 2002 via 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.

6.2.4 Rights Issue

On 14 November 2003, KBES implemented a rights issue of 9,187,928 new KBES Shares at an issue price of RM0.70 per new KBES Share on the basis of approximately one (1) new KBES Share for approximately every ten (10) KBES Shares held after the Acquisitions and Settlement.

6.2.5 IPO

Following the completion of the Acquisitions, Settlement and Rights Issue, and pursuant to this Prospectus, KBES is undertaking the following:

- (i) The public issue of 24,550,000 new KBES Shares at a Public Issue Price of RM0.75 per KBES Share comprising the following:

	No. of Public Issue Shares	% of the enlarged share capital
Available for application by the Eligible Directors, Eligible Employees and Business Associates	4,000,000	3.17
Placed with Malaysian private and / or institutional investors	20,550,000	16.31
Total	24,550,000	19.48

- (ii) The offer for sale of 9,000,000 KBES Shares by the Offeror, at an Offer Price of RM0.75 per KBES Share comprising the following:

	No. of Offer for Sale Shares	% of the enlarged share capital
Available for application by the Malaysian Public	4,000,000	3.17
Placed with Malaysian private and / or institutional investors	5,000,000	3.97
Total	9,000,000	7.14

6.2.6 Listing and quotation

KBES will seek admission to the Official List and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM63,000,000 comprising 126,000,000 KBES Shares on the Main Board of the KLSE.

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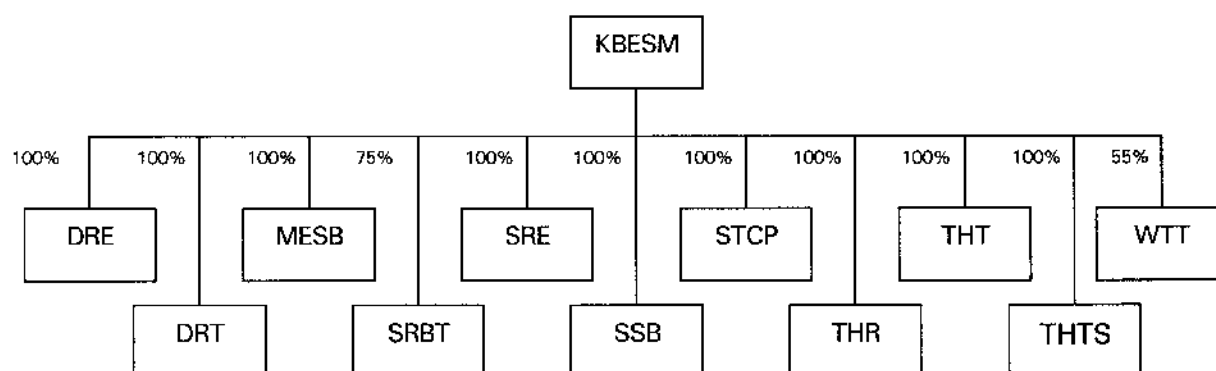
6.3 Business overview of the KBESM Group

6.3.1 Group structure

KBESM was incorporated in Malaysia on 30 September 1996 under the Act as a private limited company under the name of Serene Depth Sdn Bhd. It assumed its present name on 22 March 2001.

On 5 April 2001, the Ministry of Entrepreneur Development had via its letter to KBESM, granted its consent for the formation of a consortium by KBESM as the parent company, via the process of acquiring its current subsidiaries to form a consortium group to be managed by KBESM. In this regard, such consolidation would result in the expansion of the fleet of buses and routes operated under the umbrella of the KBESM consortium, thereby enhancing its potential earnings in the future. On 21 July 2001, KBESM acquired all of its existing subsidiaries, thereby forming a consortium.

The group structure of the KBESM Group is as follows:



6.3.2 Business operations

KBESM is principally involved in investment holding and operation of express bus services. Its subsidiaries are principally involved in providing express bus services and property investment.

As at 10 November 2003, KBESM holds 232 permits and operates 214 coaches with future acquisition of 31 coaches to be financed from the proceeds from the IPO to meet expected growing demand and in view of the 18 permits currently held without designated coaches. KBESM Group's express bus services are segmented into two (2) types based on the seating capacity of the buses:

Type of coaches	No. of coaches as at 10 November 2003	Seating capacity	Travel duration / distances
Normal	37	34 - 44	Travel duration of less than four (4) hours or for distances less than approximately 300 kilometres
Super VIP	177	26 -32	Travel duration of more than four (4) hours or for distances more than approximately 300 kilometres
Total	214		

The KBES Group is planning to further expand its fleet of Super VIP coaches to capitalise on the strong demand.

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With scheduled services covering Peninsular Malaysia, the KBESM Group is the second largest bus operator in Peninsular Malaysia (*Source: Market Assessment Report of Peninsular Malaysian Express Bus Industry by Frost & Sullivan*) and intends to further consolidate its position by introducing new buses on the road and new routes. The express bus operation covers most major towns and cities in Peninsular Malaysia and travels to Hatyai, Thailand and Singapore as well.

The KBESM's express bus tickets may be purchased via the following ways:

- **Buy tickets online.** KBESM Members may purchase tickets online at their website at www.supercoach.com.my as described under Section 6.3.4 below. Tickets can then be collected at the bus counters prior to departing.
- **Buy tickets at KBESM-operated counters.** KBESM has seven (7) self-operated counters in Taiping, Perak and Butterworth, Penang. Customers can purchase tickets for travel in advance or for the next bus available.
- **Buy tickets at KBESM agency-operated counters.** In addition to KBESM-operated counters, customers may also purchase tickets from KBESM counters operated by appointed sales agents. Customers can purchase tickets for travel in advance or for the next bus available. KBESM has 18 agency-operated counters throughout Peninsular Malaysia, two (2) agency-operated counters in Singapore and one (1) agency-operated counter in Hatyai, Thailand.

KBESM Group's bus terminals are all strategically located in the heart of major cities. In these major cities, KBESM's company-operated terminals provide full ticketing service and schedules, with extensive hours of operation (6.00 a.m. to 12 a.m.). Furthermore, KBESM's company-operated terminals in Ipoh, Perak operates twenty-four (24) hours to provide full ticketing service and schedules. KBESM also has locations where terminals are operated by agents which also provide full service ticketing and schedules. As at 10 November 2003, the KBESM Group's sales counters are located in the following cities:

State / City	Location	Operator	No. of counters
Taiping, Perak	Perhentian Bas Kamunting	Company-operated	5
Ipoh, Perak	Medan Kidd and Jalan Bendahara	Agency-operated	3
Kuala Lumpur	Hentian Puduraya	Agency-operated	5
Butterworth, Penang	Perhentian Bas PPC	Company-operated	2
Larkin, Johor Bahru	Kompleks Pengangkutan Awam Larkin	Agency-operated	3
Skudai, Johor Bahru	Taman Sri Puteri, Skudai	Agency-operated	1
Muar, Johor Bahru	Jalan Maharani	Agency-operated	1
Singapore	Beach Road, Golden Mile Tower and Complex	Agency-operated	2
Kuantan, Pahang	Terminal Makmur	Agency-operated	1
Kuala Terengganu, Terengganu	Perhentian Bas Ekspres Tanjong	Agency-operated	1
Kangar, Perlis	Stesen Bas Ekspres, Jalan Bukit Lagi	Agency-operated	1
Alor Setar, Kedah	Terminal Bas Mergong	Agency-operated	1
Hatyai, Thailand	Prachathipat Road	Agency-operated	1
Penang	Komtar	Agency-operated	1
Total counters			28

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The key management of the KBESM Group led by Lau Chan Seng have more than twenty (20) years experience in bus operations. The KBESM Group serves an estimated average of approximately 6,000 passengers per day based on the KBESM Group's management estimate of an average of 171 buses on the road (assuming 85% of buses in operation), two (2) trips per bus per day and the average of 18 passengers per trip to their desired destinations per year.

The KBESM Group, being one of the larger bus operators in Peninsular Malaysia also has better bargaining power when purchasing diesel, other spare parts and lubrication due to the large fleet of coaches. This leads to costs saving the achievement of economies of scale especially in the area of repair and maintenance of the coaches where the KBESM Group has an organised workshop located at Plot 73-76, Plot 64-86, Jalan Logam 5, Perindustrian Kamunting 3, Kamunting Raya Industrial Estate Kamunting, Perak measuring 354,036 square feet or approximately 8.0 acres with an in-house dedicated team of 20 mechanics. This has also resulted in the reduction of idle time and down time of buses.

6.3.3 Routes covered

The routes covered by the KBESM Group are as follows:

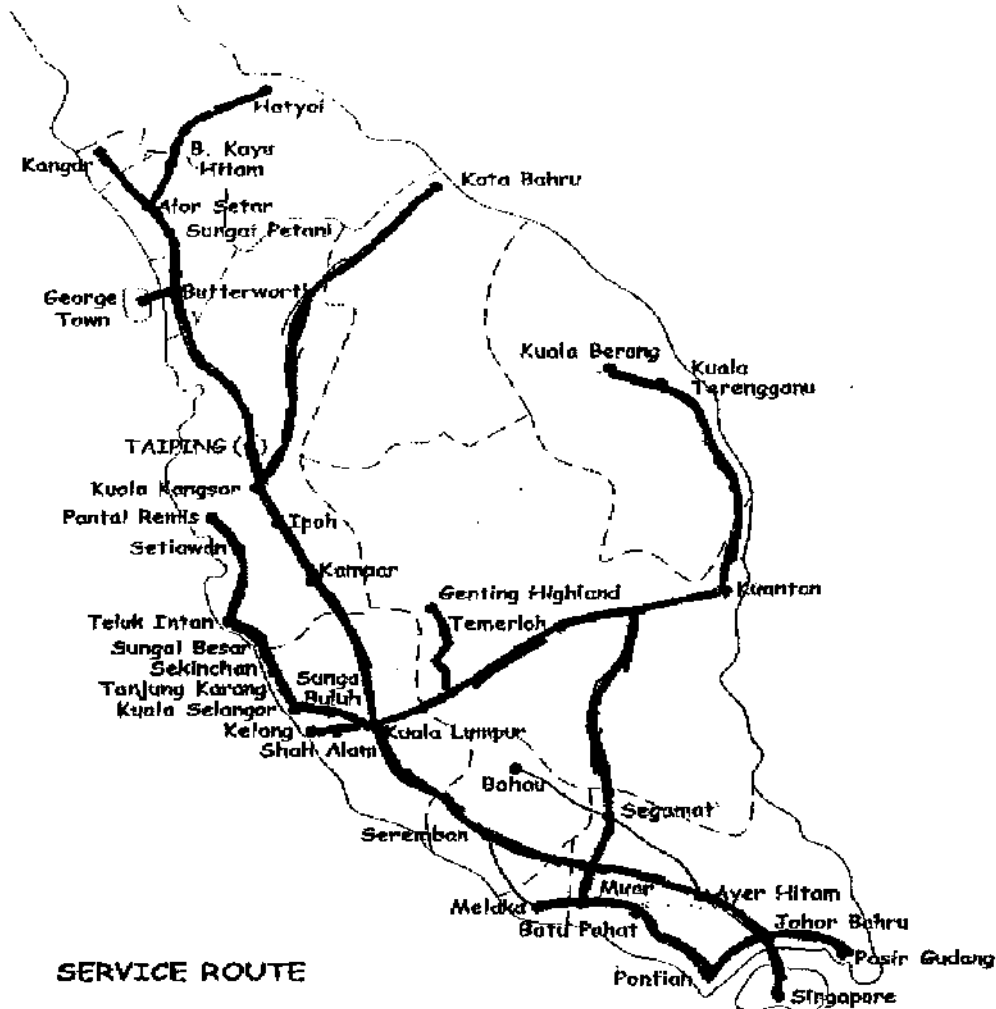
Subsidiaries Routes covered

WTT	<ul style="list-style-type: none"> ▪ Pantai Remis–Changkat Keruing–Air Tawar–Sitiawan–Teluk Intan–Simpang Empat–Sabak Bernam–Sungai Besar–Sekinchan–Tanjung Karang–Kuala Selangor–Kuala Lumpur–Johor Bahru and return
THTS	<ul style="list-style-type: none"> ▪ Kamunting–Bagan Serai–Parit Buntar–Butterworth–Komtar (Pulau Pinang) and return
THR	<ul style="list-style-type: none"> ▪ Bukit Kayu Hitam–Taiping–Kuala Lumpur–Johor Bahru and return ▪ Alor Setar–Kamunting–Kuala Lumpur–Temerloh–Kuantan and return
THT	<ul style="list-style-type: none"> ▪ Kuala Lumpur–Ipoh–Taiping–Butterworth–Alor Setar–Kuala Perlis–Kangar and return
SSB	<ul style="list-style-type: none"> ▪ Johor Bahru–Kuala Lumpur–Genting Highlands and return ▪ Kuala Lumpur–Kelang and return ▪ Johor Bahru–Melaka and return
MESB	<ul style="list-style-type: none"> ▪ Kuala Lumpur–Ipoh and return
SRBT	<ul style="list-style-type: none"> ▪ Kamunting–Butterworth–Pulau Pinang and return ▪ Kamunting–Kuala Lumpur and return
SRE	<ul style="list-style-type: none"> ▪ Taiping–Sungai Petani–Kangar and return ▪ Taiping–Johor Bahru and return ▪ Taiping–Kuala Lumpur and return ▪ Taiping–Butterworth and return
DRT	<ul style="list-style-type: none"> ▪ Kelang–Shah Alam–Kuala Lumpur–Kuantan–Al-Murakibillah–Bukit Besi–Kuala Berang–Kuala Terengganu and return ▪ Kuala Terengganu–Kuantan–Segamat–Muar–Batu Pahat–Pontian–Johor Bahru–Pasir Gudang and return
DRE	<ul style="list-style-type: none"> ▪ Johor Bahru–Ipoh–Pulau Pinang–Alor Setar–Bukit Kayu Hitam and return ▪ Johor Bahru–Kuala Lumpur and return ▪ Kuala Lumpur–Penang and return ▪ Kuala Lumpur–Butterworth–Alor Setar and return ▪ Kuala Lumpur–Kuantan–Kuala Terengganu and return

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The KBESM Group also possesses valid entry permits to provide express bus services to Hatyai, Thailand and Singapore.

The routes covered by the KBESM Group in Peninsular Malaysia are depicted below:



6.3.4 Membership programme

On 21 July 2001, KBESM successfully launched the KBESM Online Ticketing System. The system, is presently confined to KBESM Members, enables them to reserve and pay for their seats online through the KBESM Group’s official website, www.supercoach.com.my.

To be a KBESM Member, customers need to register through www.supercoach.com.my website or write to KBESM furnishing the company with the necessary particulars. The registration to become a KBESM Member is free. Upon registration, the KBESM Member will be given a membership number. KBESM Members will need to deposit monies at any KBESM counter which has the computerised tickeling system installed to enable them to purchase KBESM’s express bus tickets through the www.supercoach.com.my website. When KBESM Members purchases express bus tickets via the internet, a boarding pass number will be given. KBESM Members may then collect their tickets upon presentation of the boarding pass number at any KBESM counter. Presently, KBESM’s only computerised counter is located only at the Taiping bus terminal, therefore tickets purchased via the internet are only tickets departing from Taiping. The Group is planning to computerise its other terminals in the near future.

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6.3.5 Technology used

KBESM has developed an online operations and management system (Online System), stationed at the Taiping bus terminal (the major hub for its buses). The Online System was designed to serve a two-pronged function. The first is to facilitate the monitoring of ticket sales and also bus trips-related information to assist the management in planning the trips for its fleet of express buses. The sales report generated from this system enables the management to determine the number of tickets sold per trip and hence, establish the number of seats left unsold or available. This would then allow the management to decide whether to add more bus trips should there be an excess demand for the tickets where allowed by the permits or cancel the trips if necessary. The Online System also enables KBESM to monitor its loading factor on a timely basis and may aid in minimising the occurrence of fraud in relation to tickets sold at the KBESM Group's counters.

In addition, the Online System serves as an internal control tool for the management of KBESM. The Online System has updated information relating to its operations, amongst others, as follows:

(i) Drivers

The Driver module of the Online System maintains information on its drivers which consists of personal particulars, their driving licence number and expiry date and public service vehicle's licence together with the driver's salary. The management of KBESM is able to monitor whether a driver's licence has expired or not. Once expired, the drivers will not be allowed to drive the bus. This ensures that the drivers driving the buses would always have valid licences and avoid unlawful driving.

(ii) Buses

KBESM also keeps records of its fleet of 214 buses through the Online System. The information stored, amongst others, include the following:

Bus-related

- Model
- Age of bus
- Number of seats
- Bus registration date
- Road tax expiry date
- Next inspection date

Permit-related

- Registration number
- Permit number
- Permit expiry date

The information on the buses will prompt the management to renew licences and road tax as and when they expire to avoid situation which could cause a loss in revenue. The information on delivery dates will enable the management to determine the age of the buses and hence decide whether the buses would no longer be suitable for longer trips of above 300 kilometres. Further, as records are kept on the buses' inspection dates, the management of KBESM would be able to determine which buses are due for inspection and would not be available for operations on a particular day, which will support the other function of the Online System, which is trip planning.

(iii) Tickets and Trips Planning

The trip planning module of the Online System also maintains information on the trips such as the origin and destination of the trips together with the expected time of departure and arrival for each trip as well as the price for an adult and child ticket. Further, the Online System also records the subsidiary(ies) operating the trips or the routes. The Online System also allows the management to view the number of trips a particular bus makes in one day which would again aid the management to plan the trips and distribute the loading factor proportionately.

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(iv) Workshop

The Online System also provides a link between its daily operations and the workshop as the Online System records information on the buses that are sent to the workshop either for routine servicing and / or repairs. This would aid the management in providing replacement buses in advance and make the necessary adjustments in trip planning. The Workshop module also serves as a control mechanism as to when buses which have completed the service / repairs are available for operations.

(v) Members

The Online System also maintains information on the KBESM Members together with their respective balance of the deposits paid by the members.

The KBESM Group intends to expand the Online System on ticketing to other strategic locations such as Ipoh, Butterworth, Penang and Kuala Lumpur within the next one (1) year. The KBESM Group plans to fully implement the Online System on ticketing to all locations in Peninsular Malaysia within the next two (2) years.

6.3.6 Market position

The express bus industry is a fragmented market where the top four (4) leaders (with fleet size greater than 51 buses) control less than fifty (50) percent of the market. The KBESM Group's competitors and their estimated market share based on the total industry revenues in year 2002 which is estimated to be about RM428 million are as follows:

Company	Market share
TransnasionaI Sdn Bhd (TransnasionaI)	15.0%
KBESM Group	7.6%
Kumpulan Kenderaan Malaysia Berhad (KKMB)	6.5%
Park May Berhad (Park May)	6.0%
Sri Maju Holdings Sdn Bhd (Sri Maju)	5.3%
Cepat Ekspres Sdn Bhd	1.6%
Others (various small operators)	58.0%
Total	100.0%

(Source: Market Assessment Report of Peninsular Malaysian Express Bus Industry by Frost & Sullivan)

KBESM holds the second position in terms of market share based on estimated revenues for the year 2002 with an estimated market share of 7.60%. TransnasionaI has the largest market share of 15.00% in terms of estimated revenue for the year 2002.

(Source: Market Assessment Report of Peninsular Malaysian Express Bus Industry by Frost & Sullivan)

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6.3.7 Competitive advantages

(i) Consortium status

As a consortium, the KBESM Group has the following benefits:

- Reduce operating cost

KBESM Group is able to manage and reduce its cost of operations under a consortium, as the KBESM Group only needs one managing team administering the various bus operations instead of a manager representing each bus company. The subsidiary companies under the KBESM consortium also share a common bus service workshop and integrate their respective workshop equipments and mechanics.

- Economies of scale

KBESM as a consortium is able to obtain better prices on spare parts, tyres and diesel and these savings are passed on to every bus operators operating under the consortium.

- Enhanced load factor

Two (2) buses from two (2) different companies that would not reach optimum load in one trip are likely to be able to do so under a consortium as the operations of buses are merged under one company.

- Improved customer service

The KBESM Group would also be able to provide better customer service as a consortium in the form of shorter waiting period, i.e. more buses plying a particular route are likely to reduce passenger waiting period.

(ii) Integrated bus company

To ensure KBESM remains as a low cost operator despite rising operating costs, KBESM sources a majority of its bus assembly process and maintenance, such as the building of buses and bus seats, from reliable suppliers. The KBESM Group has identified the group of companies owned by Hai Shah Hairi bin Hassan and Lau Siau Chuan for this purpose. This has resulted in KBESM being able to source buses at a comparatively lower cost as compared with other bus companies that lack their own manufacturing support. Given the relationship, KBESM is not only able to control the cost of new buses but also avoids problems such as non- or delayed delivery of buses and poor quality of seats and air-conditioning system.

(iii) Organised workshop

KBESM also has a workshop located at Plot 73-76, Plot 64-86, Jalan Logam 5, Perindustrian Kamunting 3, Kamunting Raya Industrial Estate Kamunting, Perak measuring 354,036 square feet or approximately 8.0 acres and a dedicated team of 20 mechanics to service its fleet of buses. In view of the easy accessibility to workshop support, the idle time and down time when buses not in operation has therefore been minimised. In this regard, KBESM has managed to reduce the time needed to service the buses by having an in-house dedicated team of mechanics and efficient sourcing and stocking of parts and assemblies.

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(iv) Rationalisation of routes

KBESM has also undertaken studies to manage its routes and fleet optimally. Rerouting of trips to prevent low load capacity and the identifying of routes that are not popular are some of the key areas of proper route management at KBESM. KBESM uses high capacity buses for longer distances and lower capacity buses for shorter trips. This factor helps to reduce the maintenance costs as the buses are properly utilised based on their age and capabilities.

6.3.8 Major customers

Almost 70% of KBESM's revenue comprises sales from agents, on which the KBESM Group is dependent upon to a certain extent.

The top ten (10) agents for the six (6) months ended 30 June 2003, their length of relationship with the KBESM Group and the level of contribution to the sales of the KBESM Group are as follows:

	Agents	Length of relationship Years	Amount RM'000	% of total revenue¹
1.	Konsortium Express & Tours Pte Ltd	1	5,069	20.17
2.	Mr Wang Twee Kok	2.5	4,023	16.01
3.	Rhino Express & Travel Sdn Bhd	4	3,573	14.22
4.	Bert Link Enterprise	4	3,377	13.44
5.	Mr Khoo Teng Huat	4	2,419	9.63
6.	Etika Delta Sdn Bhd	4	1,332	5.30
7.	City Enterprise	6.5	956	3.80
8.	Mr Yeoh Kim Hee	4	316	1.28
9.	Sinjeksen Transport & Express Sdn Bhd	6	294	1.17
10.	Hatyai Variety Travel Service	4	241	0.96

Note:

1. Based on the total revenue of the KBESM Group for the six (6) months ended 30 June 2003 amounting to RM 25.13 million

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6.3.9 Major suppliers

The KBESM Group has in the past been able to secure a steady supply of vehicles and materials for its operations at relatively stable prices from various suppliers. The top ten (10) suppliers to the KBESM Group for the six (6) months ended 30 June 2003, are as follows:

	Suppliers	Length of relationship Years	Amount RM'000	% of total direct operating expenses
	<i>Supplier of Diesel</i>			
1.	Shell Malaysia Trading Sdn Bhd	6.5	2,407	19.96
	<i>Supplier of Auto Parts</i>			
2.	Syarikat Ban Aik Auto Supply Sdn Bhd	6.5	206	1.71
3.	Japsons Truck Parts Sdn Bhd	1	50	0.41
4.	Syarikat South Auto (K.L.) Sdn Bhd	3	34	0.28
5.	Ban Lian New Second Hand Auto Supply Co. Sdn Bhd	4.5	28	0.24
6.	Pusat OTO Sdn Bhd	1.5	26	0.21
7.	Yon Ming Auto & Industrial Parts (B'worth) Sdn Bhd	4.5	24	0.20
8.	Hwara Auto Parts Sdn Bhd	3	24	0.20
	<i>Supplier of Tyres</i>			
1.	Stamford Tyre Mart Sdn Bhd	3.5	110	0.92
2.	Goh Swee Hin (B'worth) Sdn Bhd	6.5	56	0.46
	<i>Supplier of Coaches</i>			
1.	Super Trans Marketing Sdn Bhd	6	20,453	99.91 ²

Notes:

- 2 Based on the total direct operating expenses of the KBESM Group for the six (6) months ended 30 June 2003 amounting to RM12.06 million
- 3 Based on the total fixed assets acquired of the KBESM Group for the six (6) months ended 30 June 2003 amounting to RM20.47 million

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6.3.10 Sources and availability of consumable materials

It is the policy of the KBESM Group that consumable materials purchased conform to specific quality requirements and are delivered on time. This is to ensure that the buses will be of good quality and to ensure that the idle time of buses is minimised. The main consumable materials that are used by the KBESM Group are diesel, auto parts and tyres.

In order to achieve the above, the KBESM Group has established a long-term relationship with its suppliers. The suppliers are assessed periodically and the assessment covers the quality of consumable materials supplied, performance and reliability (i.e. timely delivery), service and costs.

The KBESM Group's suppliers of consumable materials comprise reputable and reliable local companies such as Shell Malaysia Trading Sdn Bhd, Syarikat Ban Aik Auto Supply Sdn Bhd, Syarikat South Auto (KL) Sdn Bhd and Stamford Tyre Mart Sdn Bhd.

6.3.11 Quality control procedures

KBESM Group aims to ensure that the coaches are well-maintained and are kept in good conditions to provide reliable, comfortable, timely and uninterrupted services to customers. All buses are sent for periodic checking and servicing to prevent the coaches from breaking down during journeys. The coaches are serviced every 15,000 kilometres or approximately every two (2) weeks. The lifespan of a coach typically lasts for ten (10) years. Coaches that are above five (5) years of age are utilised for short journeys only (i.e. travel duration of less than four (4) hours or for distances of less than approximately 300 kilometres).

6.3.12 Interruptions to operations

As at 10 November 2003, there have been no major interruptions to the KBESM Group's business or operations in the past twelve (12) months.

6.3.13 Employees

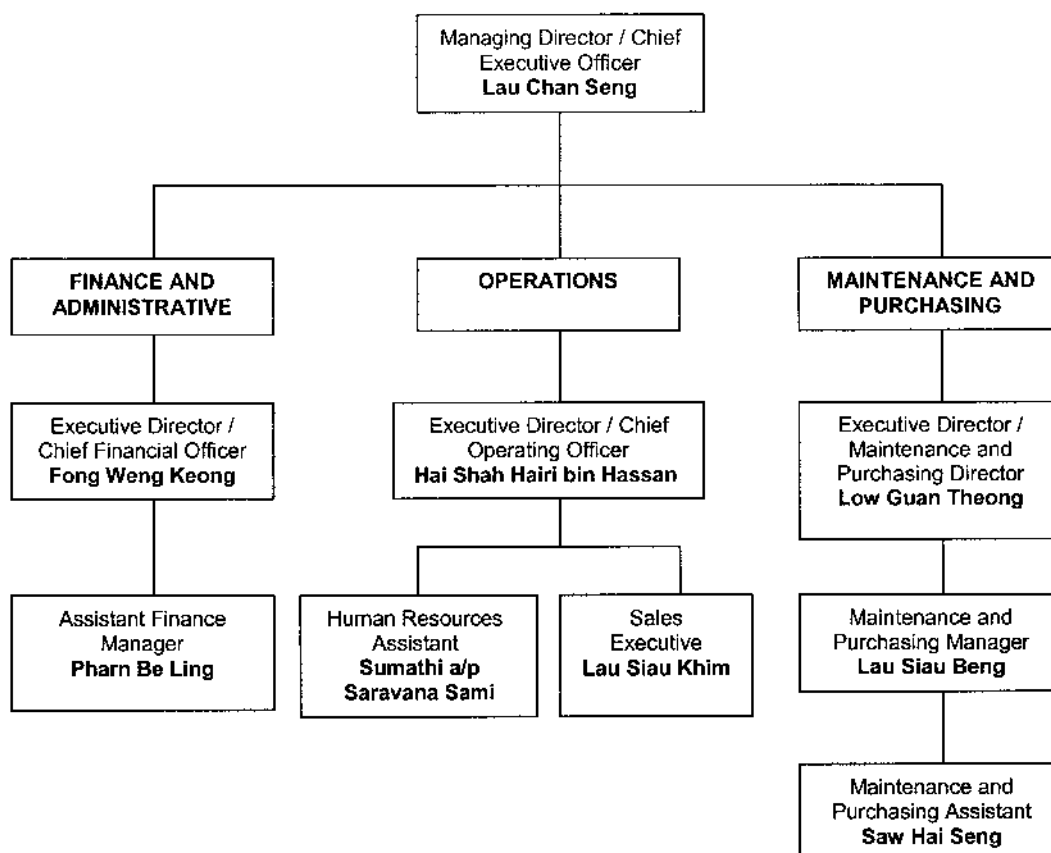
As at 10 November 2003, KBESM has 250 employees. None of the employees is a member of any union. KBESM has not experienced any stoppages in its operation due to labour disputes. The management of KBESM enjoys a cordial relationship with its employees.

Being in a labour intensive industry, KBESM emphasises on the continuous development of its people. The KBESM Group believes in training their drivers to professional and high standards, and to add value to the transportation services. The drivers are provided with knowledge on technical awareness and training in minor repairs to ensure that they are up-to-date with the latest technical development as well as the skills to handle buses in the event of minor breakdowns. KBESM also seeks to employ drivers with a minimum two (2) years of bus driving experience. In addition to providing training on servicing and technical matters, KBESM also sends its administrative staff for training in the areas of taxation and accounting. The employees employed by the KBESM Group totalling 250 employees may be categorised as follows:

Category	Number of employees	Average length of services Years
Director	4	4
Manager	3	6
Executive	6	4.5
Supervisor	6	4
Clerk	9	1
Mechanics	20	3
General Worker	35	3
Driver	167	4.5
Total	250	

6. INFORMATION ON THE KBES GROUP

The organisational structure of the KBESM Group is as follows:



6.3.14 Permits in-hand

The ability of the KBESM Group to provide express bus services is principally dependent on the availability of permits. As at 10 November 2003, KBESM holds 232 permits and owns 214 coaches. The current permits held have an expiry date of between one (1) one year to more than five (5) years are as follows:

	Year of expiry	No. of permits with bus	No. of permits without bus	Total
Less than one (1) year	2003	4	-	4
Between one (1) to three (3) years	2004 - 2005	39	18	57
Between three (3) to five (5) years	2006 - 2007	111	-	111
More than five (5) years	2008	60	-	60
		214	18	232

KBESM is required to apply to LPKP for renewal of existing permits and for new permits. A permit is usually issued for a period of five (5) years. The permit is only considered valid with the bus having completed its check-up with Puspakom and is registered with Jabatan Pengangkutan Jalan.

6. INFORMATION ON THE KBES GROUP

6.3.15 Location

The location of principal place of business and workshop of the KBESM Group are as follows:

Head / management office	:	Plot 73-86 (inclusive), Jalan Logam 5 Perindustrian Kamunting 3 Kamunting Raya Industrial Estate 34600 Kamunting Perak Darul Ridzuan
Workshop	:	Plot 73-76, Plot 84-86, (inclusive) Jalan Logam 5 Perindustrian Kamunting 3 Kamunting Raya Industrial Estate 34600 Kamunting Perak Darul Ridzuan

6.4 Business Overview of SCM

6.4.1 Group structure

SCM was incorporated in Malaysia on 22 December 1995 under the Act as a private limited company. SCM commenced its operation in 1997. SCM does not have any subsidiary or associated company.

6.4.2 Principal activities

SCM is principally involved in assembling air-conditioners for buses, manufacturing air-conditioner parts for buses and providing related maintenance services. The manufacturing operation is housed at SCM's rented factory which has a built-up area of 23,040 square feet.

All of the air-conditioners assembled by SCM are sold to ST Assembly— a coach assembler which is an affiliated company owned by Hai Shah Hairi bin Hassan and Lau Siau Chuan. ST Assembly, in turn, supplies an estimated 25.0% of its coaches to the KBESM Group whilst the remaining 75.0% is supplied to other bus companies. For the FYE 31 December 2002 and the six (6) months ended 30 June 2003, SCM assembled 72 and 50 air-conditioner units for buses respectively.

6.4.3 Type of products assembled

SCM assembles two (2) types of air-conditioner units to cater for different engine requirements for buses as set out below:

Air-conditioner type	Engine requirement
<u>Direct-drive</u> Powered by the engine of the bus or commercial vehicle	<ul style="list-style-type: none"> ▪ Above 10,000 cubic centimetres (c.c.) ▪ Rear engine ▪ Large evaporator and condenser
<u>Single-unit</u> Powered by its own sub-engine of a capacity between 2,000 c.c. to 2,500 c.c.	<ul style="list-style-type: none"> ▪ 10,000 c.c. and below ▪ Front engine ▪ Small evaporator and condenser

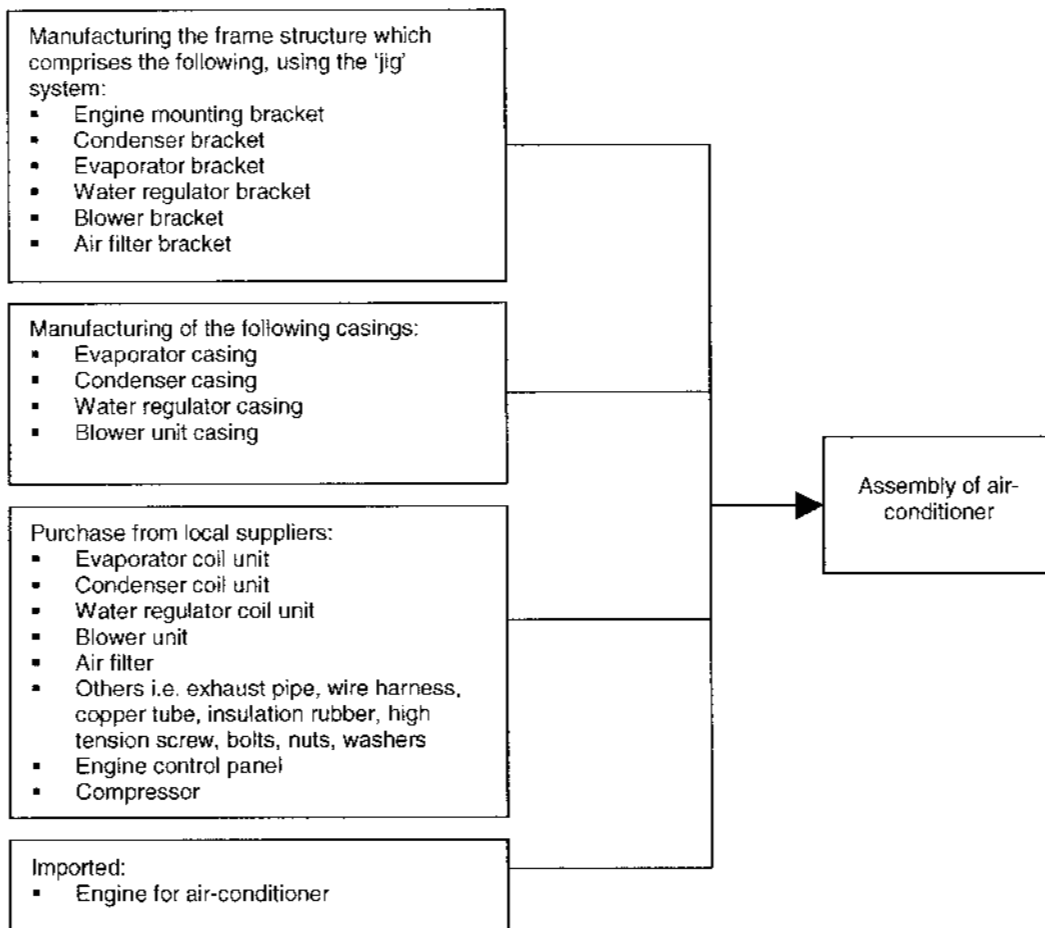
6. INFORMATION ON THE KBES GROUP

SCM also manufactures air-conditioner parts that are utilised to assemble the air-conditioners as follows:

- | No. | Parts manufactured |
|-----|--|
| 1. | Frame structure consists of: <ul style="list-style-type: none"> ▪ Engine mounting bracket ▪ Condenser bracket ▪ Evaporator bracket ▪ Water regulator bracket ▪ Blower bracket ▪ Air filter bracket |
| 2. | Evaporator casing |
| 3. | Condenser casing |
| 4. | Water regulator casing |
| 5. | Blower unit casing |

6.4.4 Assembling process

The air-conditioner units constructed by SCM are assembled through the following process:



6. INFORMATION ON THE KBES GROUP

6.4.5 Market position

According to the management of SCM, there is only one other local competitor operating in Malaysia, namely APM Air-Conditioners Sdn Bhd, a wholly-owned subsidiary of APM Automotive Holdings Berhad, a company listed on Main Board of the KLSE.

Bus operators and fabricators may also source for air-conditioner units directly from overseas countries such as Korea and Japan.

6.4.6 Major customer

All of the air-conditioners assembled by SCM are sold to ST Assembly where ST Assembly, a coach assembler which is an affiliated company owned by SCM's shareholder, would install the air-conditioner units into the buses and these buses would in turn, be sold to KBESM Group and external parties.

SCM's top ten (10) customers for the six (6) months ended 30 June 2003, their length of relationship with the SCM and the level of contribution to the sales of the SCM are as follows:

	Customer	Length of relationship Years	Amount RM'000	% of total revenue of SCM ¹
1.	ST Assembly	6	1,885	98.36
2.	KBESM	0.5	31	1.64

Note:

1. Based on the total revenue of SCM for the six (6) months ended 30 June 2003 amounting to RM1.90 million

6.4.7 Major suppliers

SCM has in the past been able to secure a steady supply for its operations at relatively stable prices from various suppliers. SCM's top ten (10) suppliers for the six (6) months ended 30 June 2003, their length of relationship with SCM and level of contribution to the total purchase by SCM are as follows:

	Suppliers	Product supplied	Length of relationship Years	Amount RM	% of total purchases by SCM ¹
1.	ST Assembly	MS plate, angle bar, channel steel, condenser copper pipe, evaporator copper pipe, shaft assembly, second-hand evaporator unit and second-hand condenser unit	6	395,875	52.35
2.	KBESM ²	Shaft, clutch cover, elbow fitting, engine oil, U-5, Solonion, expansion valve and high-low switch	2	20,167	2.67
3.	Safety Enterprises Sdn Bhd	Coil, copper elbow	0.5	16,056	2.12
4.	Hoseal Sdn Bhd	Pipe hose, seal type fitting	1	6,338	0.84

6. INFORMATION ON THE KBES GROUP

	Suppliers	Product supplied	Length of relationship Years	Amount RM	% of total purchases by SCM ¹
5.	King Seng Air-Cond Engineering Sdn Bhd	copper pipe	6	5,464	0.72
6.	MOX Gases Berhad	Gas R134A & R12	1	4,350	0.58
7.	Far East Enterprise (KL) Sdn Bhd	Half union and flare nuts	1	2,919	0.39
8.	Soon Fatt Machinery Repairer	Drain hose and pulley	1	2,725	0.36
9.	Syarikat Ban Aik Auto Supply Sdn Bhd	Hose pipe, O-ring, hose clip, fan belt, switch and filter	6	2,681	0.35
10.	Lim Company	Hose pipe, seal type fitting	1.5	1,475	0.20

Notes:

1. Based on the total operating expenses of SCM for the six (6) months ended 30 June 2003 amounting to RM0.76 million
2. KBESM purchases its own spare parts in bulk and stores for the future use of its workshop for maintenance of its buses. Some of the spare parts are common spare parts which are also used in SCM's daily operations. SCM periodically purchases these spare parts from KBESM (if stock is available). However, the purchases of these spare parts from KBESM only account for 2.67% of SCM's total purchases based on the six (6) months ended 30 June 2003.

6.4.8 Quality control procedures

Prior to selling the air-conditioner units to ST Assembly, SCM undertakes pre-installation quality control inspection on each air-conditioner unit to ascertain that the units operate properly. The inspection involves operating each air-conditioner unit continuously for six (6) hours as well as high and low pressure testing of each air-conditioner units' valves.

6.4.9 Interruptions to operations

As at 10 November 2003, there has been no interruption to SCM's business or operations in the past twelve (12) months.

6.4.10 Employees

As at 10 November 2003, SCM has a technical representative from the supplier of their air-conditioner engines, Hong Lim Industrial Co. Ltd., a company based in Korea, to provide training on the process and testing procedures to the employees of SCM every two (2) months. The employees employed by SCM totalling six (6) employees may be categorised as follows:

Category	Number of Employee	Average length of services Years
Executive	3	5
Clerk	1	1.5
Factory worker	2	4.5
Total	6	

6. INFORMATION ON THE KBES GROUP

6.4.11 Location

The locations of principal place of business and production facility of SCM are as follows:

Head / management office	:	Plot 73-86 (inclusive), Jalan Logam 5 Perindustrian Kamunting 3 Kamunting Raya Industrial Estate 34600 Kamunting Perak Darul Ridzuan
Production facility	:	Rented premise with built-up area measuring 23,040 square feet located at: Plot 77-83, (inclusive) Jalan Logam 5 Perindustrian Kamunting 3 Kamunting Raya Industrial Estate 34600 Kamunting Perak Darul Ridzuan

6.5 Information on subsidiaries of KBES

6.5.1 Information on KBESM

(a) History and business

KBESM was incorporated in Malaysia on 30 September 1996 under the Act as a private limited company under the name of Serene Depth Sdn Bhd. On 28 November 1997, KBESM changed its name to Super Trans Equipment Sdn Bhd. On 20 March 2001, it changed its name to Konsortium Bas Ekspres Sdn Bhd and it assumed its present name on 22 March 2001. On 5 April 2001, the Ministry of Entrepreneur Development had via its letter to KBESM, granted its consent for the formation of a consortium by KBESM via the process of KBESM acquiring all its current subsidiaries to form a consortium group to be managed by KBESM. On 21 July 2001, KBESM acquired all its subsidiaries. KBESM is principally involved in investment holding and operation of express bus services. Its subsidiaries are principally involved in express bus services and property investment.

(b) Substantial shareholders

KBESM is a wholly-owned subsidiary of KBES.

(c) Changes in share capital

KBESM presently has an authorised share capital of RM10,000,000 comprising 10,000,000 Shares of which RM7,915,000 have been issued and fully-paid up. The changes in the issued and paid-up share capital of KBESM since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
30.09.1996	2	Subscribers' shares	2
20.11.1997	998	Cash	1,000
22.03.2001	49,000	Cash	50,000
06.11.2001	3,865,000	Otherwise than cash	3,915,000
28.01.2002	4,000,000	Otherwise than cash	7,915,000

6. INFORMATION ON THE KBES GROUP

(d) Subsidiary and associated companies

As at 10 November 2003, KBESM does not have any associated companies. The subsidiaries of KBESM are as follows:

Subsidiaries	Date and place of incorporation	Effective equity interest %	Issued and paid-up share capital RM	Principal activities
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

6.5.2 Information on DRE

(a) History and business

DRE was incorporated in Malaysia on 10 November 1976 under the Act as a private limited company under the name of Hosni Tours (M) Sdn Bhd. Subsequently, on 1 May 1979, DRE changed its name to Hosni Express Sdn Bhd and assumed its present name on 31 July 1999. DRE commenced its operations in 1981. DRE is principally involved in the operation of express bus services.

(b) Substantial shareholders

DRE is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

6. INFORMATION ON THE KBES GROUP

(c) Changes in share capital

DRE presently has an authorised share capital of RM2,000,000 comprising 2,000,000 Shares, of which RM1,105,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of DRE since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
10.11.1976	3	Subscribers' shares	3
14.03.1978	104,997	Cash	105,000
10.03.1979	15,000	Cash	120,000
23.05.1979	20,000	Cash	140,000
24.05.1979	15,000	Cash	155,000
10.08.1980	10,000	Cash	165,000
15.06.1981	150,000	Cash	315,000
25.11.1981	50,000	Cash	365,000
20.01.1985	20,000	Cash	385,000
18.11.1985	420,000	Cash	805,000
26.11.1999	300,000	Otherwise than cash	1,105,000

(d) Subsidiary and associated companies

As at 10 November 2003, DRE does not have any subsidiary or associated company.

6.5.3 Information on DRT

(a) History and business

DRT was incorporated in Malaysia on 8 January 1990 under the Act as a private limited company under the name of OZ Travel & Tour Sdn Bhd. It assumed its present name on 9 August 1999. DRT commenced its operations in 1999. DRT is principally involved in the operation of express bus services.

(b) Substantial shareholders

DRT is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

DRT presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM250,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of DRT since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
08.01.1990	2	Subscribers' shares	2
09.11.1999	249,998	Otherwise than cash	250,000

(d) Subsidiary and associated companies

As at 10 November 2003, DRT does not have any subsidiary or associated company.

6. INFORMATION ON THE KBES GROUP

6.5.4 Information on MESB

(a) History and business

MESB was incorporated in Malaysia on 12 October 1990 under the Act as a private limited company. MESB commenced its operations in 1993. MESB is principally involved in the operation of express bus services.

(b) Substantial shareholders

MESB is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

MESB presently has an authorised share capital of RM250,000 comprising 250,000 Shares, of which RM250,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of MESB since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
12.10.1990	2	Subscribers' shares	2
15.10.1990	249,998	Cash	250,000

(d) Subsidiary and associated companies

As at 10 November 2003, MESB does not have any subsidiary or associated company.

6.5.5 Information on SRBT

(a) History and business

SRBT was incorporated in Malaysia on 5 March 1979 under the Act as a private limited company under the name of Syarikat Ekora Sdn Bhd. SRBT commenced its operations in 1982. It assumed its present name on 16 July 1998. SRBT is principally involved in the operation of express bus services.

(b) Substantial shareholders

As at 10 November 2003, the direct major shareholdings of SRBT are as follows:

Shareholder	No. of Shares held	% Held	Country of incorporation
Syarikat E.M. Aman Sdn Bhd	135,000	13.50	Malaysia
Simpang Ekspres Sdn Bhd	100,000	10.00	Malaysia
KBESM	753,000 ¹	75.30	Malaysia

Note:

1 It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

6. INFORMATION ON THE KBES GROUP

(c) Changes in share capital

SRBT presently has an authorised share capital of RM1,000,000 comprising 1,000,000 Shares, of which RM1,000,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of SRBT since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
05.03.1979	12,000	Subscribers' shares	12,000
24.09.1979	21,000	Cash	33,000
13.09.1981	167,000	Cash	200,000
01.10.1982	25,000	Cash	225,000
07.06.1983	25,000	Cash	250,000
14.09.1985	150,000	Settlement of debt due to SZSB	400,000
10.06.1998	600,000	Cash (Rights issue)	1,000,000

(d) Subsidiary and associated companies

As at 10 November 2003, SRBT does not have any subsidiary or associated company.

6.5.6 Information on SRE

(a) History and business

SRE was incorporated in Malaysia on 18 May 1982 under the Act as a private limited company under the name of Gunung Ekspres Sdn Bhd. SRE commenced its operations in 1982. It assumed its present name on 24 November 1999. SRE is principally involved in express bus services.

(b) Substantial shareholders

SRE is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

SRE presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM250,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of SRE since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
18.05.1982	10	Cash	10
26.04.1985	99,990	Cash	100,000
10.07.1987	100,000	Cash	200,000
20.10.1990	50,000	Cash	250,000

(d) Subsidiary and associated companies

As at 10 November 2003, SRE does not have any subsidiary or associated company.

6. INFORMATION ON THE KBES GROUP

6.5.7 Information on SSB

(a) History and business

SSB was incorporated in Malaysia on 16 January 1989 under the Act as a private limited company. SSB commenced its operations in 1991. SSB is principally involved in the operation of express bus services.

(b) Substantial shareholders

SSB is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

SSB presently has an authorised share capital of RM250,000 comprising 250,000 Shares, of which RM250,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of SSB since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
16.01.1989	3	Subscribers' shares	3
21.09.1990	249,997	Cash	250,000

(d) Subsidiary and associated companies

As at 10 November 2003, SSB does not have any subsidiary or associated company.

6.5.8 Information on STCP

(a) History and business

STCP was incorporated in Malaysia on 21 August 1996 under the Act as a private limited company under the name of Salient Degree Sdn Bhd. On 4 January 1997, STCP changed its name to Super Trans Air-Spring Sdn Bhd and assumed its present name on 18 September 1997. STCP commenced its operations in 2002. STCP is principally involved in property investment.

The properties invested by STCP are as follows:

Lot No.	Location	Size	Tenure	Usage
Plots 73-76 (inclusive) and 84-86 (inclusive)	Jalan Logam 5, Kamunting Raya Industrial Estate, 34600 Kamunting, Perak Darul Ridzuan	32,891m ²	Leasehold 99 years expiring on 7 December 2097	Bus repairs and maintenance workshop

(b) Substantial shareholders

STCP is a wholly-owned subsidiary of KBESM.

6. INFORMATION ON THE KBES GROUP

(c) Changes in share capital

STCP presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM250,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of STCP since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
21.08.1996	2	Subscribers' shares	2
09.11.1999	249,998	Otherwise than cash	250,000

(d) Subsidiary and associated companies

As at 10 November 2003, STCP does not have any subsidiary or associated company.

6.5.9 Information on THR

(a) History and business

THR was incorporated in Malaysia on 26 December 1989 under the Act as a private limited company. THR commenced its operations in 1992. THR is principally involved in the operation of express bus services.

(b) Substantial shareholders

THR is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

THR presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM400,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of THR since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
26.12.1989	3	Subscribers' shares	3
31.01.1992	249,997	Cash	250,000
15.04.1994	150,000	Cash	400,000

(d) Subsidiary and associated companies

As at 10 November 2003, THR does not have any subsidiary or associated company.

6.5.10 Information on THT

(a) History and business

THT was incorporated in Malaysia on 4 October 1990 under the Act as a private limited company under the name of Jaguh Cekap Sdn Bhd. It assumed its present name on 7 May 1994. THT commenced its operations in 1994. THT is principally involved in the operation of express bus services.

6. INFORMATION ON THE KBES GROUP

(b) Substantial shareholders

THT is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

THT presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM150,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of THT since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
04.10.1990	2	Subscribers' shares	2
29.03.1994	149,998	Cash	150,000

(d) Subsidiary and associated companies

As at 10 November 2003, THT does not have any subsidiary or associated company.

6.5.11 Information on THTS

(a) History and business

THTS was incorporated in Malaysia on 5 February 1980 under the Act as a private limited company under the name of Syarikat Ekspres Usahabaru Sdn Bhd. THTS commenced its operations in 1986. It assumed its present name on 25 February 1994. THTS is principally involved in the operation of express bus services.

(b) Substantial shareholders

THTS is a wholly-owned subsidiary of KBESM. It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

THTS presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM350,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of THTS since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
05.02.1980	6	Subscribers' shares	6
15.04.1982	14,823	Cash	14,829
27.07.1982	60,000	Otherwise than cash	74,829
31.07.1982	8,240	Cash	83,069
15.12.1985	216,931	Cash	300,000
31.05.1993	50,000	Cash	350,000

(d) Subsidiary and associated companies

As at 10 November 2003, THTS does not have any subsidiary or associated company.

6. INFORMATION ON THE KBES GROUP

6.5.12 Information on WTT

(a) History and business

WTT was incorporated in Malaysia on 18 July 1991 under the Act as a private limited company. WTT commenced its operations in 1992. WTT is principally involved in the operation of express bus services.

(b) Substantial shareholders

As at 10 November 2003, the direct substantial shareholders of WTT are as follows:

Shareholder	No. of Shares held	% held	Nationality / Country of incorporation
KBESM	110,000 ¹	55.00	Malaysia
Azlan bin Saleh	30,000	15.00	Malaysian
Koay Teng Aun	30,000	15.00	Malaysian
Lim Cheong Eng	30,000	15.00	Malaysian

Note:

1 It was acquired by KBESM on 21 July 2001 as part of the formation of a bus consortium managed by KBESM.

(c) Changes in share capital

WTT presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM200,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of WTT since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
18.07.1991	4	Subscribers' shares	4
29.11.1995	89,996	Otherwise than cash	90,000
29.11.1995	110,000	Cash	200,000

(d) Subsidiary and associated companies

As at 10 November 2003, WTT does not have any subsidiary or associated company.

6.5.13 Information on SCM

(a) History and business

SCM was incorporated in Malaysia on 22 December 1995 under the Act as a private limited company under the name of Lapangan Nostalgia Sdn Bhd and subsequently changed its name to Deluxe Coachair Manufacturer Sdn Bhd on 17 April 1996. It assumed its present name on 14 November 1996. SCM commenced its operations in 1997. SCM is principally involved in the assembling air-conditioner for buses, manufacturing of air-conditioner parts for buses and providing related maintenance services.

(b) Substantial shareholders

SCM is a wholly-owned subsidiary of KBES.

6. INFORMATION ON THE KBES GROUP

(c) Changes in share capital

SCM presently has an authorised share capital of RM500,000 comprising 500,000 Shares, of which RM450,000 have been issued and fully paid-up. The changes in the issued and paid-up share capital of SCM since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Total issued and paid-up share capital RM
22.12.1995	2	Subscribers' shares	2
22.03.1996	98	Cash	100
19.11.1997	99,900	Otherwise than cash	100,000
16.09.1998	350,000	Otherwise than cash	450,000

(d) Subsidiary and associated companies

As at 10 November 2003, SCM does not have any subsidiary or associated company.

6.6 Future plans, strategies and prospects

The KBES Group is principally involved in investment holding, operation of express bus services, assembling air-conditioners for buses, manufacturing air-conditioners parts for buses and related maintenance services. The Group's main strategies and plans are:

- (i) To increase the KBESM Group's fleet of buses via the following method:
 - purchase of new buses. Currently, the number of buses is forecasted to increase by a total of 31 units in year 2003 and 2004 whilst KBES has a total of 18 permits-in-hand without any coaches. KBES proposes to acquire 31 buses, where 18 of these new buses will be designated to the 18 permits and the balance will be utilised to replace the older buses in the KBES fleet; and
 - identify suitable bus companies to be acquired. In line with the aspiration of the Government and to meet the objective of consortium status, KBES intends to actively identify smaller express bus companies to be acquired to form part of the Group. The decision to acquire smaller bus companies will be based on the earnings potential, size of bus fleet as well as the permitted routes available.
- (ii) To apply additional executive coach permits to cater for the growing demand for executive coaches.
- (iii) To gradually upgrade the quality of its buses:
 - Standardisation of exterior; and
 - Refurbishment of existing normal type of coaches.

The exterior of all coaches will be standardised to reflect the KBESM Group's corporate image, an example of which is set out below. Further, the KBES Group also intends to refurbish some of its normal type coaches to Super VIP coaches.

6. INFORMATION ON THE KBES GROUP



- (iv) The KBESM Group had on 9 March 2002 received approval to operate two (2) double-decker buses. The KBESM Group is considering the viability of possible routes for the two (2) double-decker buses and is expecting to commence operations by January 2004. The Group will also consider increasing their double-decker fleet of buses in the future.
- (v) To build brand awareness through promotional activities such as media advertising and distribution of flyers for the KBESM buses.
- (vi) To enhance KBESM's existing KBES Online Ticketing System. The system enables customers to view the schedule for coaches, location of counters, reserve their seats and purchase tickets online through www.supercoach.com.my website. All of its current and future ticketing booths in different terminals will be connected to the system.
- (vii) To identify and implement pertinent training programmes and various incentive schemes to retain its workforce. The Group will be committed to developing their human resources through the provision of a good working environment, training opportunities and career prospects. It recognises the role of the drivers to promote safe driving. Continuous training and better remuneration is proposed to be provided to drivers.

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