

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Allocation	No. of Shares	Amount to be raised	
		RM	(1)%
Public Issue			
Malaysian Public	51,260,800	[•]	5.0
Pink Form Allocations	61,512,800	[•]	6.0
Private placement to Bumiputera investors approved by MITI	128,151,700	[•]	12.5
Private placement to selected investors	15,377,700	[•]	1.5
Offer for Sale			
Private placement to selected investors	100,000,000	[•]	9.8
Enlarged total number of Shares upon Listing	1,025,213,000		
IPO Price per Share		RM[•]	
Market capitalisation upon Listing		RM[•]	
Total gross proceeds to be raised by our Company from the Public Issue		RM[•]	
Total gross proceeds to be raised by our Selling Shareholder from the Offer for Sale		RM[•]	

Note:

(1) Based on our enlarged share capital of 1,025,213,000 Shares after our IPO.

Further details of our IPO are set out in Section 4 of this Prospectus.

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of Shares on the entire shareholdings held by our Specified Shareholders for the Moratorium Period in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

Further details on the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

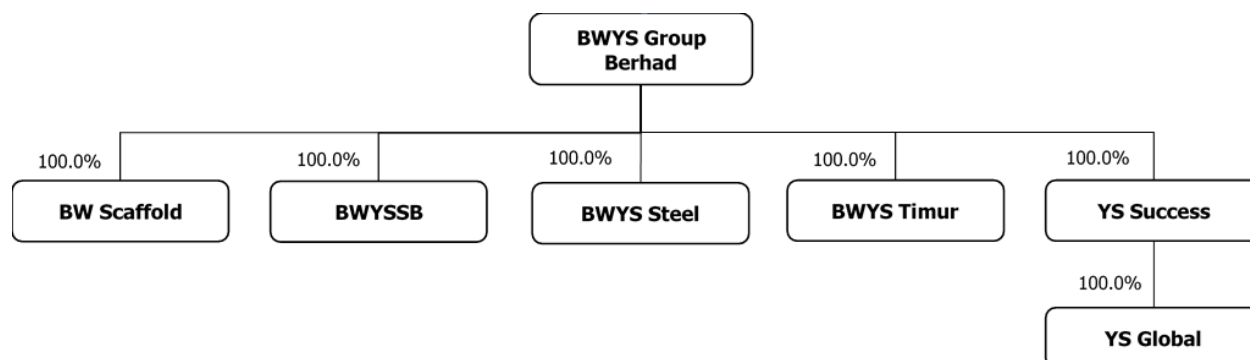
3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 4 January 2023 as a public limited company under the name of BWYS Group Berhad.

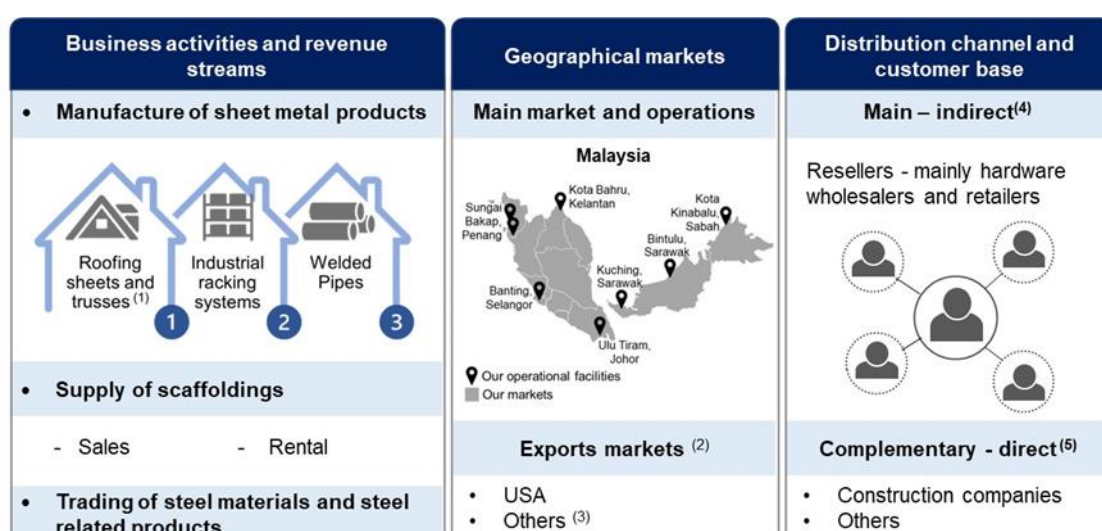
We are principally an investment holding company. Through our subsidiaries, we are principally involved in manufacturing of sheet metal products and supply of scaffoldings. To complement our manufacturing of sheet metal products and supply of scaffoldings, we also engage in trading of steel materials and steel related products.

3. PROSPECTUS SUMMARY (cont'd)

Our Group's structure after our IPO is as follows:



The following diagram illustrates our Group's business model:



Notes:

- (1) A small proportion of the revenue for FYE 2020 and FYE 2021 amounting to 0.2% and less than 0.1% of total revenue respectively was from the manufacture of steel building frames. There was no revenue from manufacture of steel building frame in FYE 2022.
- (2) Revenue from exports markets accounted for 1.6%, 8.3% and 4.1% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.
- (3) Other export markets include Singapore, Indonesia, Australia, Bangladesh, the Philippines, UAE and Brunei.
- (4) We mainly use indirect distribution channels to market and sell our products to our customers who are resellers including hardware wholesalers and retailers. These resellers would subsequently resell the products without transformation to their customers who are end-users or other resellers. Please refer to Section 6.5.9.1 of this Prospectus for further details.
- (5) Direct distribution channel includes construction companies as well as manufacturers, property developers, logistics companies, rental service providers of machinery and equipment, restaurants and workshops who purchase our products for their own use. Please refer to Section 6.5.9.1 of this Prospectus for further details.

Further details of our Group and our business model are set out in Section 6 of this Prospectus.

3. PROSPECTUS SUMMARY (*cont'd*)

3.3 COMPETITIVE POSITION AND BUSINESS STRATEGIES

3.3.1 Competitive strengths

Our Group's competitive advantages are set out below:

(a) We have an established track record in the sheet metal product industry since 1999 to serve as a platform to sustain and grow our business

We have an established track record of approximately 24 years in the sheet metal product industry since the commencement of operations in 1999. We commenced the trading of steel products in 1999, supply of scaffoldings in 2006, and manufacture of roofing sheets in 2011 and welded pipes in 2014 where our products are mainly used in the construction industry. In addition, we have acquired a manufacturing of industrial racking systems business in 2012 and the industrial racking systems are mainly used in the warehousing and storage industry.

Our established track record in the manufacture of sheet metal products and supply of scaffoldings provide confidence to our customers in our products. This would help build our brand and corporate awareness among operators in the construction, and warehousing and storage industry to serve as a platform to secure new customers to sustain and grow our business.

(b) We have operational facilities in various locations to provide market coverage across Malaysia to grow our business

As at the LPD, we have 8 operational facilities in Malaysia. Our head office, main warehouse and manufacturing facility is located in Penang, while our other operational facilities are located in Penang, Selangor, Johor, Kelantan, Sarawak and Sabah respectively. Our operational facilities enable us to access wide geographic markets in Peninsular and East Malaysia to grow our business.

Our operational facilities located in various locations also enable us to carry out marketing, sales and customer support activities for existing customers as well as to secure new customers to expand our business base.

(c) We have a range of sheet metal products and scaffoldings to provide us with several areas of business diversity and growth opportunities as well as provide convenience to our customers

We manufacture a range of sheet metal products comprising roofing sheets and trusses, industrial racking systems and welded pipes. In addition, we also supply scaffoldings. Each of these categories of products will provide us with their respective revenue streams to sustain and grow our business.

Our portfolio of products also enables us to serve two main industries, namely building construction as well as warehousing and storage industries. In addition, this provides convenience to our customers as they can source multiple products from us, and at the same time, we aim to maximise sales from each of our customers.

Our range of products and user industries will provide us with the platform to sustain and grow our business. Our ability to serve different groups of customers is evidenced by our customer base of 1,614 customers in FYE 2022, and this also provides us with a customer base to expand and grow our business.

3. PROSPECTUS SUMMARY (*cont'd*)

(d) Our product branding will serve as the platform to increase market awareness of our products to grow our business

We brand and market our metal products as follows:

- "BW" for our roofing sheets, sections and battens and scaffoldings;
- "Metech" for our industrial racking systems;
- "YS Tube" for our conduit pipes;
- "YS" for our welded pipes; and
- "Vtruss" for our roof trusses under projects.

The revenue from our brands of products accounted for RM121.7 million (93.0%), RM181.4 million (81.5%) and RM211.2 million (89.4%) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.

Having our brands provide us with product visibility through brand awareness, allows us to create product differentiation and a positive product image, and build customer loyalty to encourage return customers and referrals.

For further details, please refer to Section 6.5.6 of this Prospectus.

3.3.2 Business strategies

Our business objectives are to maintain sustainable growth in our business and to create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (a) We intend to expand our operating facilities and increase production capacity, which include:
 - (i) set up a new factory, namely the New Penang Factory which have a total built-up area of approximately 197,153 sq ft, which consist of 1 double storey factory and office, as well as 1 single storey warehouse and office. It will house our new continuous PU foam sandwich panel production line, a new automated powder coating line for our industrial racking systems, the existing machinery and equipment for our industrial racking system manufacturing operations from the Penang 1572 Factory and the existing machinery and equipment for our roofing sheets and truss manufacturing operations from the Penang 1571 Factory; and
 - (ii) purchase new machinery and equipment which includes a new automated powder coating line at our New Penang Factory to cater for expected business expansion for our industrial racking systems. We also intend to purchase new machines mainly roll forming machines to replace our existing machines in the Banting Factory and retire our existing machines in the Penang 1571 Factory, as well as new related equipment for the manufacture of roof trusses and industrial racking systems.
- (b) We intend to invest in ICT systems including new ERP system as well as implementation of production and inventory management systems to facilitate tracking and tracing of incoming raw materials and finished products to improve our production workflow.
- (c) We intend to expand our range of roofing products by venturing into the manufacture of PU foam sandwich panels. Our target customers for this new range of PU foam sandwich panels are existing and new customers who will mainly be resellers such as hardware wholesalers and retailers. This will enable us to address opportunities by utilising resellers' network to gain geographic reach for our products.

3. PROSPECTUS SUMMARY (*cont'd*)

- (d) We intend to expand our reach into foreign countries to grow our business in various regions including Southeast Asia (SEA), the Middle East and South America. Our strategies are to sell our products to resellers to utilise their networks to gain access without our need to invest in resources and facilities in foreign countries.

For further details, please refer to Section 6.6 of this Prospectus.

3.4 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8 of this Prospectus. Some of the more important risk factors are summarised below:

- (a) Our business and financial performance are subject to fluctuations of steel prices as the price of our steel products are associated to the prevailing global steel prices, and our financial performance will be affected if we sell our steel products at a lower price than our purchase cost of steel**

Our main input materials are steel based materials including hot rolled steel coils and coated cold-rolled steel coils as well as other steel products such as steel pipes, bars and plates. The steel based materials are subject to market price fluctuations where increase in the steel prices will result in higher costs of purchases of our steel based materials. In 2021, global hot-rolled and cold-rolled coil prices have been trending upwards, reaching USD1,481/tonne and USD1,658/tonne respectively in September 2021 before tapering in the fourth quarter of 2021. In 2022, global hot-rolled and cold-rolled coil prices increased to USD1,345/tonne and USD1,546/tonne respectively in April 2022 (*Source: IMR Report*). Generally, we price our products based on the prevailing market price of steel as well as considering the demand from our customers. A decrease in the global prices of steel may result in a situation where the prevailing prices that our customers are willing to pay may be lower compared to the average cost of purchase for the corresponding products in our inventory. In the event that our selling price of steel products is lower than the cost of our purchases of the input steel materials, it may result in low profit or losses from the sale which will negatively affect our financial performance. As our financial performance was affected by the fluctuations in steel prices during the Period Under Review, there can be no assurance that our business and financial performance would not be affected by the fluctuations in steel prices.

- (b) We are reliant on imports of mainly steel materials which expose us to risks associated with supply chain disruptions and increases in sea freight rate**

For the Period Under Review, we mainly purchased imported steel coils. During the Period Under Review, 83.4%, 90.9% and 70.4% of the purchases of steel coils for FYE 2020, FYE 2021 and FYE 2022 were sourced from suppliers in foreign countries including China, Korea, Singapore, Taiwan and Japan. In addition, we purchased other steel products such as steel pipes, bars and plates which accounted for 4.1%, 6.8% and 12.4% of our total purchases of input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. Of this, 69.2%, 87.4% and 2.0% of the purchases of other steel products for the FYE 2020, FYE 2021 and FYE 2022 respectively were sourced from suppliers in foreign countries mainly China and Vietnam.

In this respect, if there are any disruptions in the supply chain of these steel materials from foreign countries, it would interrupt our manufacturing and supply operations, and we would be unable to fulfil our customers' orders in a timely manner. This would adversely affect our market reputation and our financial performance. There is no assurance that our operations would not be affected by any prolonged disruptions in the supply chain.

3. PROSPECTUS SUMMARY (cont'd)

(c) Our financial performance is subject to unfavourable foreign exchange fluctuations

We are exposed to foreign exchange fluctuations including USD arising from our purchases of input materials. For FYE 2020, FYE 2021 and FYE 2022, 77.9%, 86.2% and 59.7% of our total purchases were transacted in foreign currencies which are mainly in USD. Any adverse fluctuations in USD against RM may affect our financial performance. In addition, our export sales were transacted in foreign currencies which are mainly in USD and this accounted for 1.6%, 8.4% and 4.2% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.

As at the LPD, we have not entered into any forward exchange contracts to hedge against negative foreign currency movements. There is no assurance that our financial performance would not be materially affected by any adverse movements in USD against the RM.

(d) The continuing success of our Group depends on the expertise of our Managing Director and key senior management team

Our business operations are dependent on the experience, knowledge and skills of our Managing Director as well as key senior management team. Our Managing Director, KBH is responsible for the overall strategic direction of our Group. He is supported by our Executive Director and key senior management team comprising Kang Yi Ki (Executive Director), Lau Ken Wah (Chief Operating Officer), Sim Kay Wah (Chief Financial Officer) and Larry Lim Eng Sooi (Head of Corporate Governance, Affairs and Compliance).

Our day-to-day business operations and the successful implementation of our business strategies may be adversely affected if we lose the services of one or more of the Directors or key senior management team and are unable to engage a suitable replacement promptly.

(e) We are dependent on foreign workers to undertake our manufacturing activities

Most of our foreign workers are employed mainly for our manufacturing operations. We may experience a shortage of production workers from time to time due to several factors which affect our supply of both domestic and foreign workers. Some of the factors affecting the hiring of domestic production workers include the metal working environment and conditions, salary and benefit package offered, and location of the operation.

The number of foreign workers we may hire and our ability to obtain or renew work permits for our foreign workers are subject to regulations and approvals from the Ministry of Home Affairs, as well as policies implemented by other regulatory authorities, such as MITI.

3. PROSPECTUS SUMMARY (*cont'd*)

3.5 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

<u>Name</u>	<u>Designation</u>
<u>Directors</u>	
Dato' Saidi bin Ismail	Independent Non-Executive Chairman
Kang Beng Hai	Non-Independent Executive Director / Managing Director
Kang Yi Ki	Non-Independent Executive Director
See Swee Sie	Independent Non-Executive Director
Teresa Tan Siew Kuan	Independent Non-Executive Director
Lim Chee Hoong	Independent Non-Executive Director

Key Senior Management

Lau Ken Wah	Chief Operating Officer
Sim Kay Wah	Chief Financial Officer
Larry Lim Eng Sooi	Head of Corporate Governance, Affairs and Compliance

Further details of our Directors and key senior management are set out in Section 5 of this Prospectus.

3.6 PROMOTER AND SUBSTANTIAL SHAREHOLDER

The shareholdings of our Promoter and substantial shareholder in our Company before and after IPO are set out below:

<u>Name</u>	<u>Nationality</u>	<u>Before IPO⁽¹⁾</u>				<u>After IPO⁽²⁾</u>			
		<u>Direct</u>		<u>Indirect</u>		<u>Direct</u>		<u>Indirect</u>	
		<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
KBH	Malaysian	768,910,000	100.0	-	-	668,910,000	65.2	-	-

Notes:

- (1) Based on the share capital of 768,910,000 Shares after completion of the Acquisitions and transfer of 1 subscriber Share to KBH but before our IPO.
- (2) Based on the enlarged share capital of 1,025,213,000 Shares after our IPO.

Further details of our Promoter and substantial shareholder is set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)

3.7 UTILISATION OF PROCEEDS

The total estimated gross proceeds to be raised by our Company from the Public Issue of RM[•] million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	Estimated timeframe for utilisation from Listing
Capital Expenditure:			
- Construction of New Penang Factory	[•]	[•]	Within 36 months
- Purchase of new machinery and equipment	[•]	[•]	Within 36 months
- Implementation of new ERP system, production and inventory management systems	[•]	[•]	Within 36 months
Repayment of bank borrowings	[•]	[•]	Within 12 months
Working Capital	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 3 months
Total	[•]	100.0	

There is no minimum subscription to be raised from our IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9 of this Prospectus.

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM[•] million shall accrue entirely to the Selling Shareholder who shall bear the entire incidental expenses and fees in relation to the Offer for Sale.

3.8 FINANCIAL AND OPERATIONAL INFORMATION

The selected historical financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.8.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for the Period Under Review.

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Revenue	130,864	222,435	236,231
GP	25,257	52,168	56,450
PBT	5,301	29,602	33,453
PAT	3,311	24,839	23,511
Adjusted GP ⁽⁴⁾	25,257	57,066	51,650
Adjusted PBT ⁽⁴⁾	5,301	34,500	28,653
Adjusted PAT ⁽⁴⁾	3,311	29,737	18,711
Basic and diluted EPS (sen) ⁽¹⁾	0.3	2.4	2.3
GP margin (%) ⁽²⁾	19.3	23.5	23.9
PBT margin (%) ⁽³⁾	4.1	13.3	14.2
PAT margin (%) ⁽³⁾	2.5	11.2	10.0

3. PROSPECTUS SUMMARY (cont'd)

	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Adjusted GP margin (%) ⁽⁴⁾	19.3	25.7	21.9
Adjusted PBT margin (%) ⁽⁴⁾	4.1	15.5	12.1
Adjusted PAT margin (%) ⁽⁴⁾	2.5	13.4	7.9

Notes:

- (1) Calculated based on PAT for the Period Under Review over the enlarged share capital of 1,025,213,000 Shares upon Listing. There are no potential dilutive securities in issue during the respective Period Under Review.
- (2) GP margin is calculated based on GP over revenue.
- (3) PBT and PAT margin is calculated based on respective PBT and PAT for the Period Under Review over revenue.
- (4) In FYE 2021, our Group received a bill of claim from RMCD amounting to RM4.9 million, resulting from an audit on the import duty on steel coils purchased for the taxable period from July 2017 to June 2020. Our Group has accrued the Additional Import Duty while pending further clarification from RMCD in FYE 2021. In FYE 2022, our Group has reached an agreement with RMCD on a final settlement of RM0.1 million. As such, the overaccrual of RM4.8 million was reversed in FYE 2022. Please refer to Section 6.5.14(xi) of this Prospectus for further details.

There were no exceptional or extraordinary items during the Period Under Review. Our audited financial statements for the Period Under Review were not subject to any audit qualifications.

3.8.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the adjustments for other material transactions, Capitalisations, Acquisitions and IPO. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 13 of this Prospectus.

	I	II
As at 31 December 2022 RM'000	After adjustments for other material transactions, Capitalisations and Acquisitions RM'000	After I and IPO RM'000
ASSETS		
Total non-current assets	149,123	149,123
Total current assets	149,634	[•]
TOTAL ASSETS	298,757	[•]
EQUITY AND LIABILITIES		
Equity		
Invested equity/Share capital	7,988	146,093
Merger reserve	-	(115,736)
Retained earnings	110,694	107,694
TOTAL EQUITY	118,682	[•]

3. PROSPECTUS SUMMARY (cont'd)

	As at 31 December 2022	I After adjustments for other material transactions, Capitalisations and Acquisitions	II After I and IPO
	RM'000	RM'000	RM'000
Total non-current liabilities	73,319	73,319	[•]
Total current liabilities	106,756	98,487	98,487
TOTAL LIABILITIES	180,075	171,806	[•]
TOTAL EQUITY AND LIABILITIES	298,757	309,857	[•]
No. of Shares in issue ('000)	7,988	768,910	1,025,213
NA per Share (RM)	14.86	0.18	[•]
Total borrowings (RM'000)	136,222	136,222	[•]
Gearing ratio (times) ⁽¹⁾	1.15	0.99	[•]
Current ratio (times) ⁽²⁾	1.40	1.63	[•]

Notes:

- (1) Computed based on total borrowings divided by total equity as at the end of each financial year.
- (2) Computed based on current assets over current liabilities as at the end of each financial year.

Further details on the financial information are set out in Sections 11 and 12 of this Prospectus.

3.9 DIVIDEND POLICY

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends are dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Further details of our dividends are set out in Section 11.7 of this Prospectus.

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