

6. INFORMATION ON OUR GROUP

6.1 BACKGROUND INFORMATION

6.1.1 Incorporation

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.

6.1.2 History and development

The history of our business can be traced back to the incorporation of BW Yee Seng Hardware Trading Sdn Bhd (now known as BWYS Steel) in 1999 by our Managing Director, KBH, and two other unrelated parties (Yap Kock Wah and Vu Chee Keong) where each party held 33.33% of equity interests in the company. In 2000, the two unrelated parties divested their equity interests to KBH and KMH (brother of KBH) for a total consideration of RM2.

The table below sets out the key events and milestones in the history and development of our Group's business operations:

Year	Key Events and Milestones
1999	<ul style="list-style-type: none"> BWYS Steel was incorporated under its former name of BW Yee Seng Hardware Trading Sdn Bhd before changing to its present name in 2015. BWYS Steel commenced operations and was mainly involved in the trading of steel products.
2006	<ul style="list-style-type: none"> BWYS Steel acquired a 3-acre land in Bukit Mertajam, Penang and commenced the sales and rental of scaffoldings in the same year.
2008	<ul style="list-style-type: none"> YS Success was incorporated under the name Prima Max Scaffold System Sdn Bhd before assuming its present name in 2009. Through YS Success, we commenced operations in the sales of roofing sheets and other building related materials in 2010.
2009	<ul style="list-style-type: none"> As part of our business expansion to other states in Malaysia through acquisition, KBH acquired 50.00% equity interest for a total consideration of RM4.0 million in Bekalan PIE Sdn Bhd, a company involved in the trading of iron and steel products and reconditioning of scaffoldings in Klang, Selangor. The remaining 50.00% equity interest was then held by two unrelated parties (Goh Eng Thye and Tan Lai Huat). In 2018, the two unrelated parties divested their equity interest to KBH for a total consideration of RM7.0 million. The company later changed its name to BW Scaffold in 2019. BWYSSB was incorporated under the name BW Yee Seng Steel (M) Sdn Bhd before assuming its present name in 2023. BWYSSB established a branch office in Johor in the same year to cater for customers in Southern Peninsular Malaysia and subsequently BWYSSB commenced operations in 2010 where it was principally involved in the trading of building materials and hardware.

6. INFORMATION ON OUR GROUP (cont'd)

Year	Key Events and Milestones
2011	<ul style="list-style-type: none"> • As part of our product expansion, YS Success invested in 2 roll forming machines for the manufacturing of roofing sheets and commenced the manufacture of roofing sheets in our manufacturing facility in Bukit Mertajam, Penang. • To further expand our business geographically, we incorporated BWYS Timur to carry out the manufacturing of roofing sheets at the Kota Bharu Factory. BWYS Timur commenced operations in the same year and mainly serves customers in the East Coast of Peninsular Malaysia. • YS Success acquired the "Metech" brand from Mefu Industries Sdn Bhd, a manufacturer of industrial racking systems and we commenced the manufacturing of industrial racking systems in 2012. • YS Global was incorporated under the name BW Yee Seng (Perlis) Sdn Bhd and changed its name to YS Global Pipes Sdn Bhd in 2014. YS Global commenced business operations in 2015 as a manufacturer of carbon steel welded pipes in Penang 1571 Factory. YS Success held 80.0% of equity interest in YS Global and the remaining 20.0% were held by two unrelated parties (Lim Saw Hong and Chuah Choon Lim) in 2014. In 2021, the two unrelated parties divested their equity interest to YS Success for a total consideration of approximately RM0.4 million.
2013	<ul style="list-style-type: none"> • YS Success acquired the Penang 1571 Factory and we moved our head office from Bukit Mertajam to Penang 1571 Factory.
2017	<ul style="list-style-type: none"> • YS Global Pipes Sdn Bhd disposed the pipe manufacturing business including all the machinery and equipment to YS Success. Pursuant to the disposal of the pipe manufacturing business, YS Global Pipe Sdn Bhd ceased its business operation. • We restructured our business operations where our roofing sheets and trusses manufacturing operations were placed under BWYS Steel, and our sales of scaffoldings were placed under BW Scaffold while rental of scaffoldings were undertaken by BW Scaffold and BWYSSB. Meanwhile, our welded pipe manufacturing operations were placed under YS Success and our industrial racking systems manufacturing operations were placed under YS Success and YS Global. BWYS Timur continued its business operation in the manufacturing of roofing sheets and trusses. • Through YS Success, we made our first export sales where we exported industrial racking systems to Bangladesh. We continued to export industrial racking systems to other countries including the Philippines and Australia in the same year, and several other countries including Saudi Arabia, UAE, Sri Lanka and Singapore between 2018 and 2019.
2019	<ul style="list-style-type: none"> • BW Scaffold acquired Banting Factory and subsequently relocated BW Scaffold's operations from Klang, Selangor to this premises in 2020. • Through BWYS Steel, we expanded our presence to the East Malaysia and established branch offices in Kuching and Bintulu in Sarawak to serve our customers in Sarawak.

6. INFORMATION ON OUR GROUP (cont'd)

Year	Key Events and Milestones
2020	<ul style="list-style-type: none"> • YS Global Pipes Sdn Bhd changed its name to YS Global and recommenced business in the same year for the manufacture of industrial racking systems at Bukit Minyak and later relocated to Penang 1572 Factory in 2022. • Through YS Global, we secured our first export sales of industrial racking systems to a storage system provider in the USA in 2020 which was subsequently delivered in 2021. • We started carrying out the manufacture of roofing sheets at the Banting Factory.
2021	<ul style="list-style-type: none"> • Through BW Scaffold, we made our first export of scaffoldings to a trading company in Singapore. • BWYS Steel acquired the Lot 1215 Land comprising 1 factory building on a 4-acre land, namely Penang 1572 Factory, and the remaining 8-acre vacant land which we plan to construct New Penang Factory for business expansion. Please refer to Section 6.6 for further details of our business strategies and plans. • Through BWYS Steel, we established a branch office in Kota Kinabalu to serve our customers in Sabah.

6.1.3 Pre-IPO Exercises

In preparation for our Listing, we have undertaken a series of internal restructuring exercises, as follows:

(a) Capitalisations

As at 31 July 2023, the amount due to KBH amounted to RM2,218,541, RM11,082,097 and RM9,068,926 for BW Scaffold, BWYS Steel and YS Success respectively. The advances provided by KBH was for working capital of our Group. KBH had decided to accept the repayment by way of BW Scaffold Shares, BWYS Steel Shares and YS Success Shares as set out below:

(i) Capitalisation in BW Scaffold

On 14 August 2023, BW Scaffold capitalised the amount owing to KBH of RM2,218,497 via the issuance of 11,676,300 BW Scaffold Shares at an issue price of RM0.19 per BW Scaffold Share and the remaining balance of RM44 was fully satisfied via cash as set out below:

Existing Shareholder	Advances RM	Amount capitalised RM	Cash payment RM	No. of new BW Scaffold Shares
KBH	2,218,541	2,218,497	44	11,676,300
Total	2,218,541	2,218,497	44	11,676,300

The Capitalisation in BW Scaffold was completed on 14 August 2023 and the issued share capital of BW Scaffold had increased from RM2,488,000 comprising 2,488,000 BW Scaffold Shares to RM4,706,497 comprising 14,164,300 BW Scaffold Shares.

6. INFORMATION ON OUR GROUP (cont'd)

The shareholding structure of BW Scaffold before and after the Capitalisation in BW Scaffold is as set out below:

Existing shareholders	Before the Capitalisation in BW Scaffold		After the Capitalisation in BW Scaffold	
	No. of shares	%	No. of shares	%
KBH	2,487,999	99.9	14,164,299	99.9
KBT	1	<0.1	1	<0.1
Total	2,488,000	100.0	14,164,300	100.0

(ii) Capitalisation in BWYS Steel

On 14 August 2023, BWYS Steel capitalised the amount owing to KBH of RM11,082,073 via the issuance of 58,326,700 BWYS Steel Shares at an issue price of RM0.19 per BWYS Steel Share and the remaining balance of RM24 was fully satisfied via cash as set out below:

Existing Shareholder	Advances RM	Amount capitalised RM	Cash payment RM	No. of new BWYS Steel Shares
KBH	11,082,097	11,082,073	24	58,326,700
Total	11,082,097	11,082,073	24	58,326,700

The Capitalisation in BWYS Steel was completed on 14 August 2023 and the issued share capital of BWYS Steel had increased from RM2,000,000 comprising 2,000,000 BWYS Steel Shares to RM13,082,073 comprising 60,326,700 BWYS Steel Shares.

The shareholding structure of BWYS Steel before and after the Capitalisation in BWYS Steel is as set out below:

Existing shareholders	Before the Capitalisation in BWYS Steel		After the Capitalisation in BWYS Steel	
	No. of shares	%	No. of shares	%
KBH	1,999,980	99.9	60,326,680	99.9
KMH	20	<0.1	20	<0.1
Total	2,000,000	100.0	60,326,700	100.0

(iii) Capitalisation in YS Success

On 14 August 2023, YS Success capitalised the amount owing to KBH of RM9,068,890 via the issuance of 47,731,000 YS Success Shares at an issue price of RM0.19 per YS Success Share and the remaining balance of RM36 was fully satisfied via cash as set out below:

Existing Shareholder	Advances RM	Amount capitalised RM	Cash payment RM	No. of new YS Success Shares
KBH	9,068,926	9,068,890	36	47,731,000
Total	9,068,926	9,068,890	36	47,731,000

6. INFORMATION ON OUR GROUP (cont'd)

The Capitalisation in YS Success was completed on 14 August 2023 and the issued share capital of YS Success had increased from RM2,000,000 comprising 2,000,000 YS Success Shares to RM11,068,890 comprising 49,731,000 YS Success Shares.

The shareholding structure of YS Success before and after the Capitalisation in YS Success is as set out below:

Existing shareholders	Before the Capitalisation in YS Success		After the Capitalisation in YS Success	
	No. of shares	%	No. of shares	%
KBH	1,999,999	99.9	49,730,999	99.9
KBT	1	<0.1	1	<0.1
Total	2,000,000	100.0	49,731,000	100.0

(b) Acquisitions

In conjunction with our Listing, our Company entered into the following conditional share sale agreements ("**SSA**") upon completion of the Capitalisations:

(i) Acquisition of BW Scaffold

On 21 August 2023, our Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BW Scaffold comprising 14,164,300 BW Scaffold Shares for a total purchase consideration of RM27,226,400. The total purchase consideration is to be satisfied via the issuance of 143,296,832 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM2 to KBT as follows:

Shareholders	No. of BW Scaffold Shares to be acquired	Shareholdings held in BW Scaffold %	Purchase consideration RM	No. of Shares to be issued	Cash settlement RM
KBH	14,164,299	99.9	27,226,398	143,296,832	-
KBT	1	<0.1	2	-	2
Total	14,164,300	100.0	27,226,400	143,296,832	2

The total purchase consideration of RM27,226,400 was arrived at on a willing buyer-willing seller basis and after taking into consideration the adjusted audited NA of BW Scaffold as at 31 December 2022 after Capitalisation in BW Scaffold of RM27,226,437.

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Acquisition of BWYSSB

On 21 August 2023, our Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYSSB comprising 1,000,000 BWYSSB Shares for a total purchase consideration of RM26,408,100. The total purchase consideration is to be satisfied via the issuance of 138,988,610 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM264 to KBT as follows:

Shareholders	No. of BWYSSB Shares to be acquired	Shareholdings held in BWYSSB %	Purchase consideration RM	No. of Shares to be issued	Cash settlement RM
KBH	999,990	99.9	26,407,836	138,988,610	-
KBT	10	<0.1	264	-	264
Total	1,000,000	100.0	26,408,100	138,988,610	264

The total purchase consideration of RM26,408,100 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of BWYSSB as at 31 December 2022 of RM26,408,128.

(iii) Acquisition of BWYS Steel

On 21 August 2023, our Company had entered into a conditional SSA with KBH and KMH to acquire the entire issued share capital of BWYS Steel comprising 60,326,700 BWYS Steel Shares for a total purchase consideration of RM42,190,478. The total purchase consideration is to be satisfied via the issuance of 222,055,070 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM14 to KMH as follows:

Shareholders	No. of BWYS Steel Shares to be acquired	Shareholdings held in BWYS Steel %	Purchase consideration RM	No. of Shares to be issued	Cash settlement RM
KBH	60,326,680	99.9	42,190,464	222,055,070	-
KMH	20	<0.1	14	-	14
Total	60,326,700	100.0	42,190,478	222,055,070	14

The total purchase consideration of RM42,190,478 was arrived at on a willing buyer-willing seller basis and after taking into consideration the adjusted audited NA of BWYS Steel as at 31 December 2022 after Capitalisation in BWYS Steel of RM42,191,750.

6. INFORMATION ON OUR GROUP (cont'd)

(iv) Acquisition of BWYS Timur

On 21 August 2023, our Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYS Timur comprising 500,000 BWYS Timur Shares for a total purchase consideration of RM19,700,000. The total purchase consideration is to be satisfied via the issuance of 103,683,174 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM197 to KBT as follows:

Shareholders	No. of BWYS Timur Shares to be acquired	Shareholdings held in BWYS Timur %	Purchase consideration RM	No. of Shares to be issued	Cash settlement RM
KBH	499,995	99.9	19,699,803	103,683,174	-
KBT	5	<0.1	197	-	197
Total	500,000	100.0	19,700,000	103,683,174	197

The total purchase consideration of RM19,700,000 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of BWYS Timur as at 31 December 2022 of RM19,700,000.

(v) Acquisition of YS Success

On 21 August 2023, our Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of YS Success comprising 49,731,000 YS Success Shares for a total purchase consideration of RM30,568,400. The total purchase consideration is to be satisfied via the issuance of 160,886,313 new Shares at an issue price of RM0.19 per Share to KBH and cash consideration of RM1 to KBT as follows:

Shareholders	No. of YS Success Shares to be acquired	Shareholdings held in YS Success %	Purchase consideration RM	No. of Shares to be issued	Cash settlement RM
KBH	49,730,999	99.9	30,568,399	160,886,313	-
KBT	1	<0.1	1	-	1
Total	49,731,000	100.0	30,568,400	160,886,313	1

The total purchase consideration of RM30,568,400 was arrived at on a willing buyer-willing seller basis and after taking into consideration the adjusted audited NA of YS Success as at 31 December 2022 after Capitalisation in YS Success of RM30,568,466.

6. INFORMATION ON OUR GROUP (cont'd)

KBH's shareholding in our Company before and after the completion of the Acquisitions as follows:

Name	Before completion of Acquisitions		After completion of Acquisitions and transfer of 1 subscriber Share but before our IPO	
	No. of Shares	%	No. of Shares	⁽¹⁾ %
KBH	-	-	768,910,000	100.0

Note:

- (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.

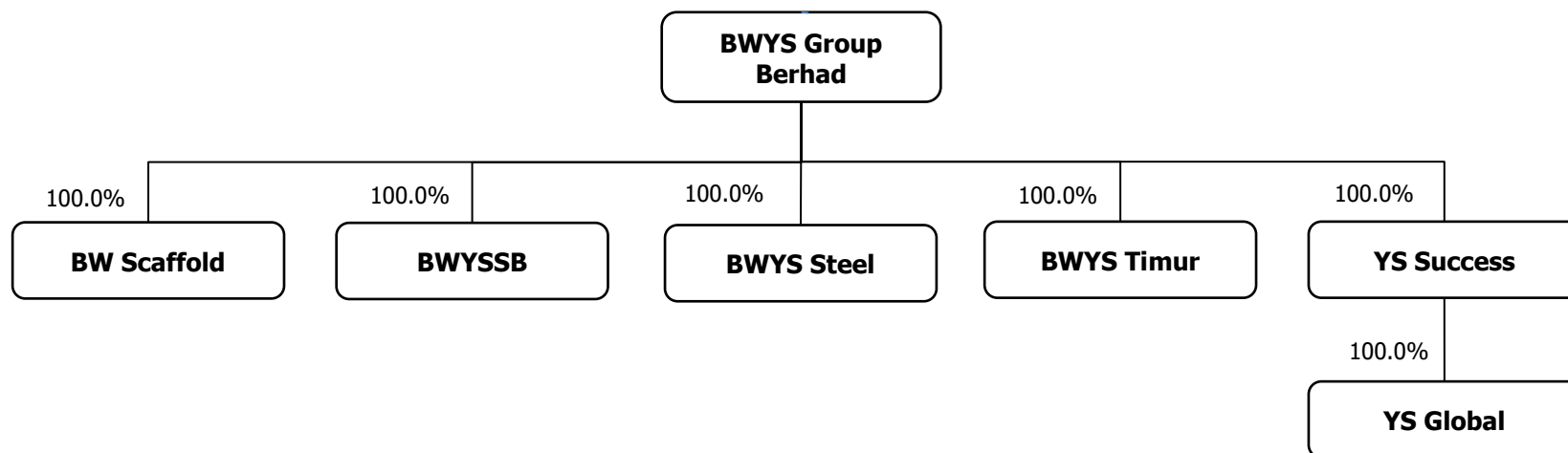
The Acquisitions are conditional upon obtaining the approval of Bursa Securities for the Listing, which was obtained on [●]. Thereafter, BW Scaffold, BWYSSB, BWYS Steel, BWYS Timur and YS Success will become our wholly-owned subsidiaries.

The new Shares issued under the Acquisitions shall rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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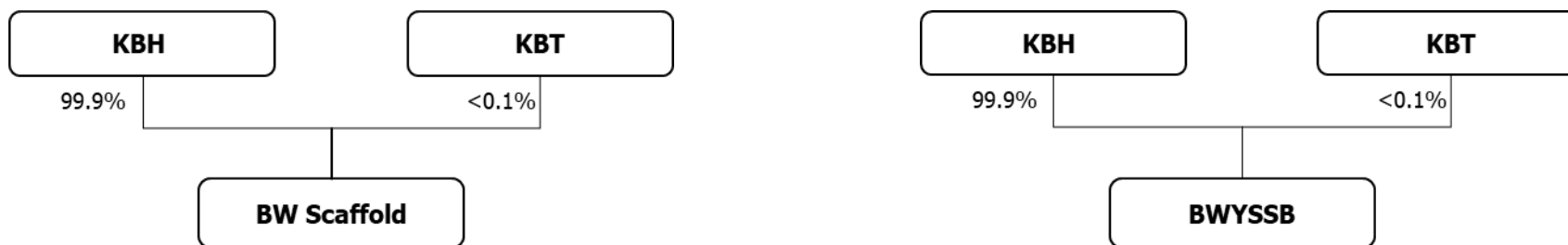
6. INFORMATION ON OUR GROUP (cont'd)

6.1.4 Group structure

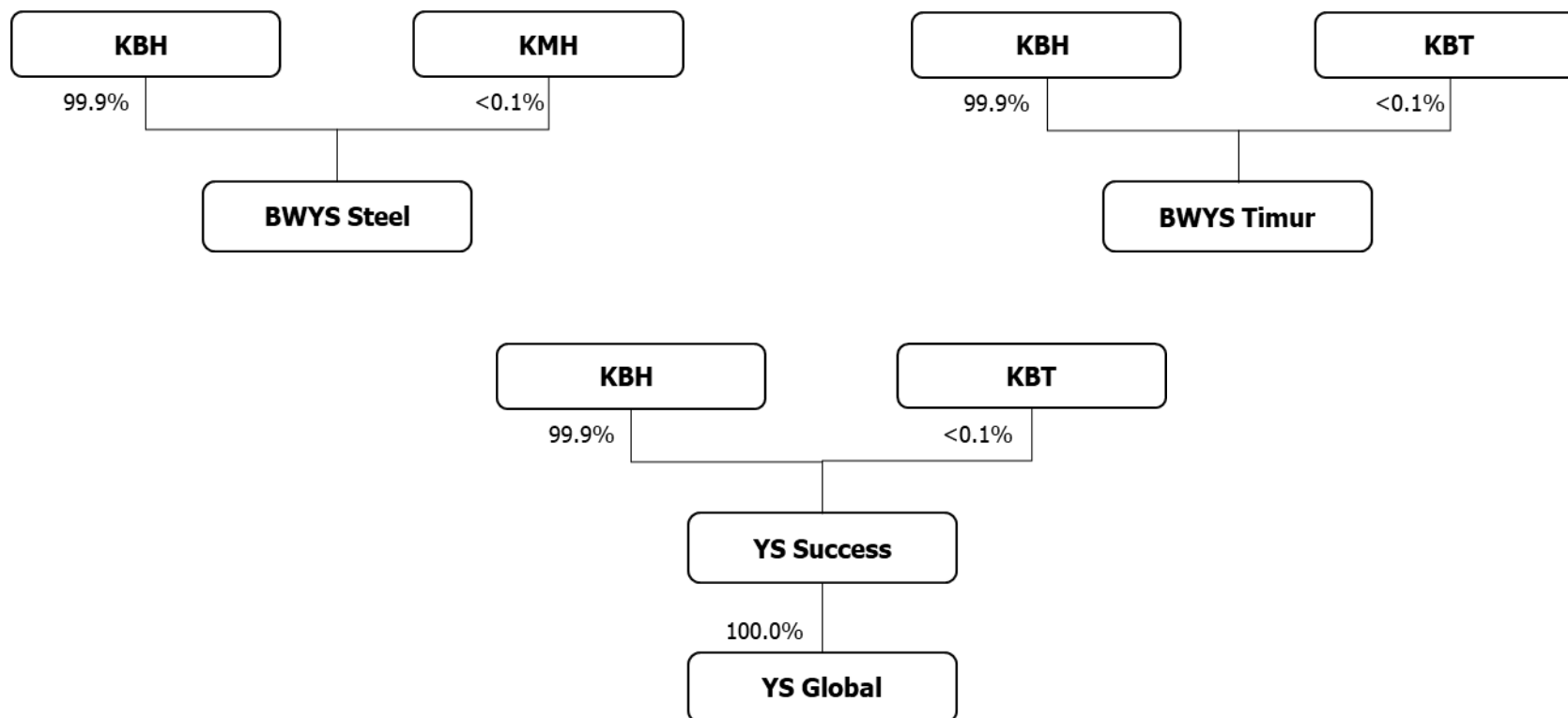


Our Group structure before and after the Acquisitions and IPO is as follows:

(a) Before the Acquisitions and IPO

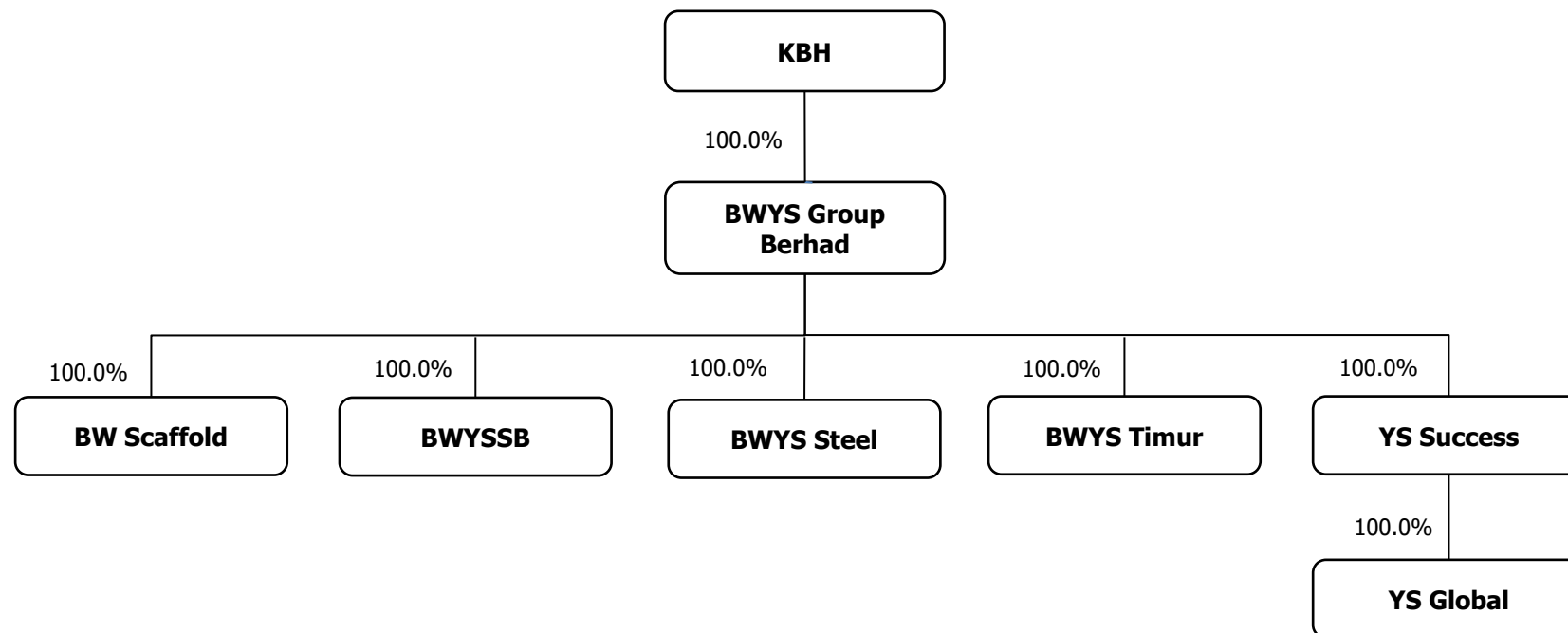


6. INFORMATION ON OUR GROUP (cont'd)



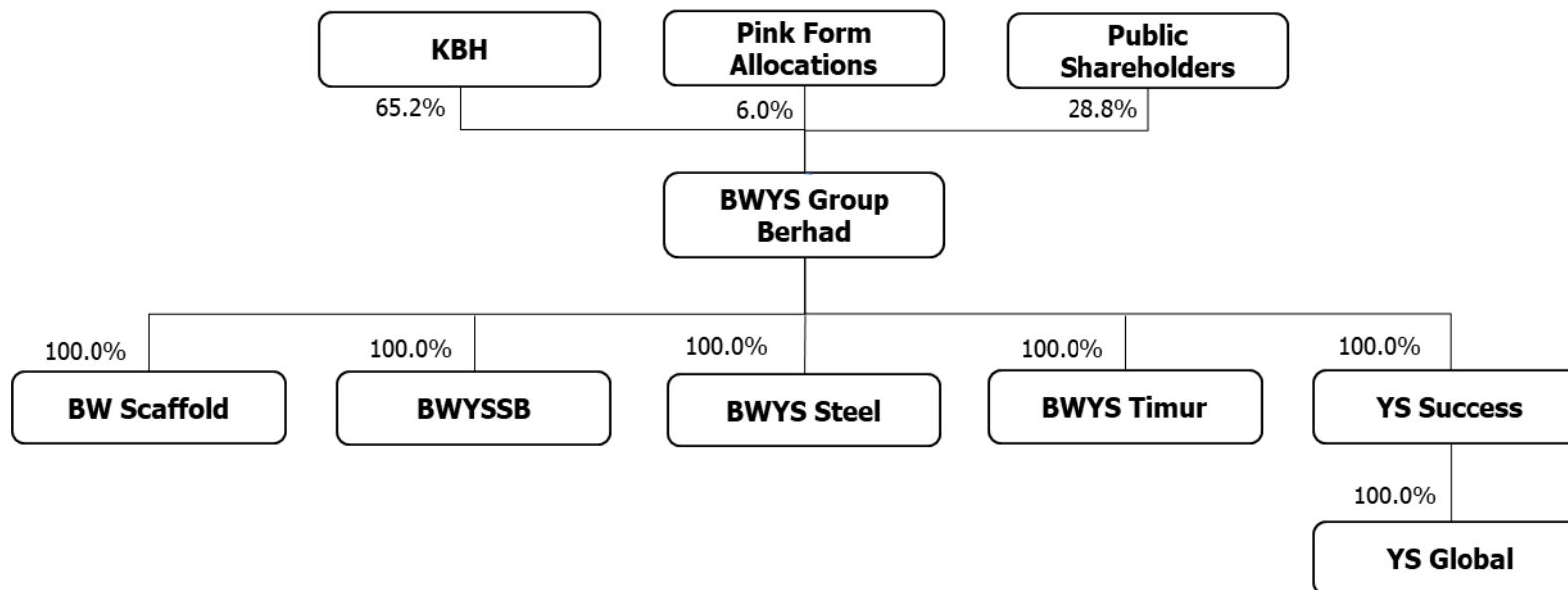
6. INFORMATION ON OUR GROUP (cont'd)

(b) After the Acquisitions and before the IPO⁽¹⁾



6. INFORMATION ON OUR GROUP (cont'd)

(c) After the Acquisitions and IPO⁽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 our enlarged share capital of 1,025,213,000 Shares after our IPO.

6. INFORMATION ON OUR GROUP *(cont'd)*

6.2 OUR SUBSIDIARIES

As at the LPD, details of our subsidiaries are summarised as follows:

Company	Registration No.	Date / Place of incorporation	Principal place of business	Effective equity interest	Principal Activities
BW Scaffold	198801003058 (170415-K)	5 May 1988 / Malaysia	Malaysia	100.0	Sales and rental of scaffoldings
BWYSSB	200901037644 (880775-A)	16 November 2009 / Malaysia	Malaysia	100.0	Rental of scaffoldings
BWYS Steel	199901015292 (490192-D)	2 August 1999 / Malaysia	Malaysia	100.0	Manufacture of sheet metal products, and trading of steel materials and steel related products
BWYS Timur	201101007342 (935480-U)	9 March 2011 / Malaysia	Malaysia	100.0	Manufacture of sheet metal products, and trading of steel materials and steel related products
YS Success	200801009666 (810954-P)	25 March 2008 / Malaysia	Malaysia	100.0	Manufacture of industrial racking systems and welded pipes, and trading of steel materials and steel related products
<u>Subsidiary of YS Success</u>					
YS Global	201101007345 (935483-A)	9 March 2011 / Malaysia	Malaysia	100.0	Manufacture of industrial racking systems

Further details of our subsidiaries are set out in Section 14 of this Prospectus.

6. INFORMATION ON OUR GROUP (cont'd)**6.3 MATERIAL INVESTMENTS AND DIVESTITURES****6.3.1 Material investments**

Material investments made by us during the Period Under Review and up to the LPD are as follows:

	Original cost of investment			
	FYE 2020	FYE 2021	FYE 2022	Up to LPD
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:				
- Freehold lands	-	(1)16,500	-	-
- Buildings	1,138	(1)19,841	485	663
- Plant and machinery ⁽²⁾	981	4,406	1,278	4,628
- Motor vehicles ⁽³⁾	311	1,012	-	150
- Furniture, fittings and office equipment	138	462	437	419
- Electrical fitting, equipment and renovation	290	826	744	215
- Equipment for rent ⁽⁴⁾	3,550	6,090	797	1,537
- Capital work-in-progress	-	1,103	151	-
Sub Total	6,408	50,240	3,892	7,612
Right-of-use assets comprising:				
- Motor vehicles ⁽³⁾	368	1,790	2,605	1,049
- Plant and machinery ⁽²⁾	2,418	395	-	-
- Premises ⁽⁵⁾	90	619	2,008	408
Sub Total	2,876	2,804	4,613	1,457
Other investment ⁽⁶⁾	-	109	-	-
Total	9,284	53,153	8,505	9,069

Notes:

- (1) In FYE 2021, we acquired Lot 1215 Land with a total land area of approximately 12 acres comprising 1 factory building on a 4-acre land, namely Penang 1572 Factory, and the remaining 8-acre vacant land.
- (2) This relates to the purchase of plant and machineries such as roll forming machines, cutting machines, stamping machines, welding machines, slitting line machines and shearing machines.
- (3) This relates to the purchase of new motor vehicles such as forklifts, commercial vehicles and passenger cars.
- (4) This relates to the purchase of scaffoldings for rental purposes.
- (5) This mainly relates to rental of the Bintulu warehouse and office, Kota Kinabalu warehouse and office as well as Kuching warehouse and office.
- (6) In FYE 2021, BWYS Steel acquired 225,500 ordinary shares in Eco High for a total consideration of RM108,707.

The above capital expenditures were made in Malaysia. They were primarily financed by a combination of bank borrowings and internally generated funds.

6. INFORMATION ON OUR GROUP (cont'd)**6.3.2 Material divestitures**

Material divestitures made by us during Period Under Review and up to the LPD are as follows:

	At NBV			
	FYE 2020	FYE 2021	FYE 2022	Up to LPD
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:				
- Plant and machinery	-	299	78	-
- Motor vehicles	135	52	152	-
- Furniture, fittings and office equipment	2	9	-	1
- Equipment for rent ⁽¹⁾	1,326	-	2,502	1,547
Sub Total	1,463	360	2,732	1,548
Right-of-use assets comprising:				
- Motor vehicles	207	-	-	-
Other investments ⁽²⁾	-	1	11,549	-
Total	1,670	361	14,281	1,548

Notes:

- (1) This relates to our customers not returning the rented scaffoldings upon the expiry of rental period. We will impose additional charges to our customers as a result of lost and deemed the scaffoldings to have been sold.
- (2) In FYE 2021, BWYS Steel had disposed the entire equity interest in YHTJ R&D for the total consideration of RM1. In FYE 2022, BWYS Steel had disposed the entire equity interest in Visage Industries and Eco High for the total consideration of RM11.1 million and RM0.4 million respectively.

The above capital divestitures involve assets located in Malaysia and were carried out in the ordinary course of business as part of our review of our fixed asset register to identify and eliminate those assets which have been fully depreciated and are no longer in use or obsolete or have surpassed their useful lives.

6.3.3 Material commitment

Save for the proposed utilisation of proceeds from our Public Issue and our material commitment for our capital expenditure as disclosed in Sections 4.9 and 11.3.4 of this Prospectus, we confirm that we do not have any material commitments contracted and divestitures currently in progress, within or outside Malaysia, which may have a material impact on our Group's financial position or business as at the LPD. All the above material commitments are located in Malaysia.

6.4 PUBLIC TAKE-OVERS

Since our incorporation and up to the LPD, there has been:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.