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PROSPECTUS



BWYS GROUP BERHAD

(Registration No. 202301000310 (1494229-W))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF BWYS GROUP BERHAD ("COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 256,303,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- **51,260,800 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **61,512,800 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS;**
- **128,151,700 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND**
- **15,377,700 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;**

AND

(II) OFFER FOR SALE OF 100,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN IPO PRICE OF RM[•] PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent



M&A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of our IPO and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 205.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated [•]

Our Directors, Promoter and Selling Shareholder (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Principal Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on [•]. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

SC has on [•] approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

[Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC]. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with Bursa Securities shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus / Opening of Application	[•]
Closing Date / Closing of Application	[•]
Balloting of Application	[•]
Allotment / Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page viii.

All references to "**BWYS**" and "**Company**" in this Prospectus are to BWYS Group Berhad (Registration No: 202301000310 (1494229-W)). Unless otherwise stated, references to "**Group**" or "**BWYS Group**" are to our Company and our subsidiaries taken as a whole; and references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "**Management**" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "**approximately**" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "**Definitions**" and "**Technical Glossary**" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third-parties and cites third-party projections regarding the growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from the Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Business and Market Research Consultants. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "**may**", "**will**", "**would**", "**could**", "**believe**", "**expect**", "**anticipate**", "**intend**", "**estimate**", "**aim**", "**plan**", "**forecast**", "**project**" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products and services;
- (b) Our business strategies and prospects;
- (c) Our future plans;
- (d) Our financial position;
- (e) Our future earnings, cash flows and liquidity; and
- (f) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The ongoing COVID-19 and possible similar future outbreaks;
- (b) The economic, political and investment environment in Malaysia and globally; and
- (c) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 8 – "Risk Factors" and Section 11– "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment / transfer of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA, Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC and Appendix 3B of the Listing Requirement.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

BW Scaffold	:	BW Scaffold Industries Sdn Bhd (Registration No: 198801003058 (170415-K))
BWYSSB	:	BWYS Sdn Bhd (<i>formerly known as YHTJ Services Sdn Bhd and BWYS Services Sdn Bhd</i>) (Registration No: 200901037644 (880775-A))
BWYS Steel	:	BW Yee Seng Steel Industries Sdn Bhd (Registration No: 199901015292 (490192-D))
BWYS Timur	:	BW Yee Seng (Timur) Sdn Bhd (Registration No: 201101007342 (935480-U))
YS Global	:	YS Global Industries Sdn Bhd (Registration No: 201101007345 (935483-A))
YS Success	:	YS Success Industries Sdn Bhd (Registration No: 200801009666 (810954-P))
BWYS or Company	:	BWYS Group Berhad (Registration No: 202301000310 (1494229-W))
BWYS Group or Group	:	BWYS and its subsidiaries, collectively

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DEFINITIONS (Cont'd)

GENERAL:

ACE Market	: ACE Market of Bursa Securities
Acquisition of BW Scaffold	: Acquisition by BWYS from KBH and KBT of the entire equity interest of BW Scaffold for a total purchase consideration of RM27,226,400 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, which was completed on [●]
Acquisition of BWYSSB	: Acquisition by BWYS from KBH and KBT of the entire equity interest of BWYSSB for a total purchase consideration of RM26,408,100 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, which was completed on [●]
Acquisition of BWYS Steel	: Acquisition by BWYS from KBH and KMH of the entire equity interest of BWYS Steel for a total purchase consideration of RM42,190,478 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, which was completed on [●]
Acquisition of BWYS Timur	: Acquisition by BWYS from KBH and KBT of the entire equity interest of BWYS Timur for a total purchase consideration of RM19,700,000 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, which was completed on [●]
Acquisition of YS Success	: Acquisition by BWYS from KBH and KBT of the entire equity interest of YS Success for a total purchase consideration of RM30,568,400 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, which was completed on [●]
Acquisitions	: Acquisition of BW Scaffold, Acquisition of BWYSSB, Acquisition of BWYS Steel, Acquisition of BWYS Timur, and Acquisition of YS Success, collectively
Act	: Companies Act 2016 as amended from time to time and any re-enactment thereof
ADA	: Authorised Depository Agent
AGM	: Annual General Meeting
Application	: Application for Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Printed application form for the application of Issue Shares accompanying this Prospectus
ATM(s)	: Automated Teller Machine(s)
Board	: Board of Directors of BWYS

DEFINITIONS (Cont'd)

Bursa Depository	or	Bursa Malaysia Depository Sdn Bhd (Registration No: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No: 200301033577 (635998-W))
BW Scaffold Share(s)	:	Ordinary share(s) in BW Scaffold
BWYSSB Share(s)	:	Ordinary share(s) in BWYSSB
BWYS Steel Share(s)	:	Ordinary share(s) in BWYS Steel
BWYS Timur Share(s)	:	Ordinary share(s) in BWYS Timur
CAGR	:	Compounded annual growth rate
Capitalisation in BW Scaffold	:	Capitalisation of debt owing to KBH amounting to RM2,218,497 via issuance of 11,676,300 new BW Scaffold Shares at an issue price of RM0.19 per BW Scaffold Share, which was completed on 14 August 2023
Capitalisation in BWYS Steel	:	Capitalisation of debt owing to KBH amounting to RM11,082,073 via issuance of 58,326,700 new BWYS Steel Shares at an issue price of RM0.19 per BWYS Steel Share, which was completed on 14 August 2023
Capitalisation in YS Success	:	Capitalisation of debt owing to KBH amounting to RM9,068,890 via issuance of 47,731,000 new YS Success Shares at an issue price of RM0.19 per YS Success Share, which was completed on 14 August 2023
Capitalisations	:	Capitalisation in BW Scaffold, Capitalisation in BWYS Steel, Capitalisation in YS Success, collectively
CCC	:	Certificate of completion and compliance
CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
CF	:	Certificate of fitness
China	:	The People's Republic of China
CIDB	:	Construction Industry Development Board
Closing Date	:	The date adopted in this Prospectus as last date for acceptance and receipt of Application
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
Constitution	:	Constitution of our Company

DEFINITIONS (Cont'd)

COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
Depository Rules	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
DOSH	:	Department of Occupational Safety and Health
EBIT	:	Earnings before interest and tax
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Eco High	:	Eco High Formwork Sdn Bhd (Registration No: 201701026664 (1240830-W))
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for Issue Shares through a Participating Financial Institution's ATM(s)
Eligible Persons	:	Eligible Director, employees and persons who have contributed to the success of our Group, collectively
EPS	:	Earnings per share
ERP	:	Enterprise resource planning
FYE(s)	:	Financial years ended/ending 31 December, as the case may be
GP	:	Gross profit
ICA	:	Industrial Co-Ordination Act 1975
ICT	:	Information and communications technology
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent market research report titled Independent Assessment of the Sheet Metal Product Industry in Malaysia prepared by Vital Factor as set out in Section 7 of this Prospectus
Internet Participating Financial Institution(s)	:	Participating financial institutions for Internet Share Application as listed in Section 15 of this Prospectus
Internet Share Application	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
Initial Public Offering or IPO	:	Our initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	Issue/offer price of RM[•] per Issue/Offer Share

DEFINITIONS (Cont'd)

IPO Share(s)	: The Issue Share(s) and Offer Share(s), collectively
ISO	: International Organisation for Standardisation
Issue Share(s)	: New Share(s) to be issued under the Public Issue
Issuing House and/or Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No: 197101000970 (11324-H))
JIS	: Japanese Industrial Standard
KBH	: Kang Beng Hai, our Promoter, Specified Shareholder, substantial shareholder, Managing Director and Selling Shareholder
KBT	: Kang Beng Teong
KMH	: Kang Meng Huat
Listing	: Listing of and quotation for our entire enlarged share capital comprising 1,025,213,000 Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
Listing Scheme	: The Public Issue, Offer for Sale and Listing, collectively
Lot 1215 Land	: A piece of freehold land held under Geran 74361 Lot 1215, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang, measuring approximately 12 acres which was acquired pursuant to the sale and purchase agreement dated 1 July 2021 entered into between Amanah Raya Berhad and BWYS Steel
LPD	: 31 August 2023, being the latest practicable date for ascertaining certain information contained in this Prospectus
M&A Securities	: M & A Securities Sdn Bhd (Registration No: 197301001503 (15017-H))
Malaysian Public	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	: Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MCO	: Movement control order
MFRS	: Malaysian Financial Reporting Standards
MIDA	: Malaysian Investment Development Authority
MITI	: Ministry of Investment, Trade and Industry, Malaysia
MS	: Malaysian Standard

DEFINITIONS (Cont'd)

mm	:	Millimetre
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
New Penang Factory	:	The new factory to be constructed on Lot 1215 Land which consist of 1 block single storey factory and double storey office, as well as 1 block single storey factory and office with a total built-up area of approximately 197,153 sq ft
Offer for Sale	:	Offer for sale of 100,000,000 Offer Shares by our Selling Shareholder at the IPO Price
Offer Share(s)	:	Existing Share(s) to be offered under the Offer for Sale
Participating Institution(s)	Financial	: Participating financial institution(s) for Electronic Share Application as listed in Section 15.5 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Period Under Review	:	FYE 2020, FYE 2021 and FYE 2022, collectively
Pink Form Allocations	:	Allocation of 61,512,800 Issue Shares to our Eligible Persons, which forms part of our Public Issue
Principal Adviser or Sponsor or Placement Agent or Underwriter	:	M & A Securities
Promoter	:	KBH
Prospectus	:	This prospectus dated [•] in relation to our IPO
PU foam	:	Polyurethane foam
Public Issue	:	Public issue of 256,303,000 Issue Shares at our IPO Price
Reporting Accountants or BDO	:	BDO PLT 201906000013 (LLP0018825-LCA & AF 0206)
RFID	:	Radio frequency identification
RM and sen	:	Ringgit Malaysia and sen, respectively
RMCD	:	Royal Malaysian Customs Department
ROC	:	Registrar of Companies

DEFINITIONS (Cont'd)

SC	:	Securities Commission Malaysia
Selling Shareholder	:	KBH (who is undertaking the Offer for Sale)
Share(s) or BWYS Share(s)	:	Ordinary share(s) in BWYS
SICDA or Depository Act	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time
Specified Shareholders	:	KBH and Kang Yi Ki, collectively
sq ft	:	Square feet
UAE	:	United Arab Emirates
USA	:	United States
Underwriting Agreement	:	Underwriting agreement dated [•] entered into between our Company and M&A Securities for the purpose of our IPO
Vital Factor or IMR	:	Vital Factor Consulting Sdn Bhd (Registration No: 199301012059 (266797-T)), an independent business and market research consulting company
Visage Global	:	Visage Global Sdn Bhd (Registration No: 201401018341 (1094428-W))
Visage Industries	:	Visage Industries Sdn Bhd (Registration No: 199501041775 (370979-T))
YHTJ R&D	:	YHTJ R & D Sdn Bhd <i>(formerly known as Visage R & D Sdn Bhd)</i> (Registration No: 201601035422 (1206363-P))
YHTJ Sabah	:	YHTJ (Sabah) Sdn Bhd <i>(formerly known as BW Yee Seng (Sabah) Sdn Bhd)</i> (Registration No: 200601020482 (740235-K))
YHTJ Sarawak	:	YHTJ (Sarawak) Sdn Bhd <i>(formerly known as BW Yee Seng (Sarawak) Sdn Bhd)</i> (Registration No: 200901014928 (857998-M))
YS Success Share(s)	:	Ordinary share(s) in YS Success

DEFINITIONS (Cont'd)

OPERATIONAL FACILITIES:

- Banting Factory : Refers to our sales office, warehouse and manufacturing facility located at No. 112, Jalan 8, Kawasan Perindustrian Olak Lempit, 42700 Banting, Selangor
- Bintulu warehouse and office : Refers to our warehouse and sales office located at Lot 2656, Block 20 Kemena Land District Bintulu (Kidurong Gateway Industrial Park), Jalan Tg. Kidurong, 97000 Bintulu, Sarawak
- Johor warehouse and office : Refers to our warehouse and sales office located at No 6, Jalan Perniagaan 1/8, Setia Business Park 2, 81100 Johor Bahru, Johor
- Kota Bharu Factory : Refers to our sales office, warehouse and manufacturing facility located at Lot PT 5196, Kawasan Perindustrian Pengkalan Chepa, Mukim Panchor Seksyen 23, Daerah Kemumin, 16100 Kota Bharu, Kelantan
- Kota Kinabalu warehouse and office : Refers to our warehouse and sales office located at Lot 5B, Industrial Zone 7, Lorong Timur 2B, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah
- Kuching warehouse and office : Refers to our warehouse and sales office located at Lot 823, Block 7 Muara Tebas Land District, Sejingkat Industrial Park, 90350 Kuching, Sarawak
- Penang 1571 Factory : Refers to our head office, warehouse and manufacturing facility located at 1571, Jalan Serunai, Kawasan Perindustrian Valdor, 14200 Sungai Jawi, Seberang Perai Selatan, Penang
- Penang 1572 Factory : Refers to our office, warehouse and manufacturing of industrial racking systems facility located at No. 1572, Jalan Besar Valdor, Mukim 12, 14200 Sungai Bakap, Seberang Perai Selatan, Penang

TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

Battens	:	A horizontal piece of metal used to connect or join one or several parts. It is used in roofing applications
Beam	:	A structural horizontal member made of metal, timber or some other materials that spans an opening and is designed to carry a load and transfer the weight of the load to a vertical load bearing support or member
Carbon steel	:	In the context of this Prospectus, it refers to non-stainless steel
Coil	:	In the context of this Prospectus, it refers to long steel sheets rolled into a cylindrical shape
Column	:	A structural vertical member made of metal, timber or some other materials designed to carry a load and to transfer the weight to the foundation, ground or another area
Conduit	:	In the context of this Prospectus, it refers to a welded metal pipe used for routing electrical cables and wires
Cross brace member	:	It refers to two diagonal members which cross each other in the middle and the sides connecting two vertical members. The objective is to resist sideways forces. In the context of this Prospectus, cross braces member is used in scaffoldings to hold two vertical pipes
C-purlin	:	Long strip of metal rolled into a squared-off C-shaped with inward-facing lips at the end of both sides. In the context of this Prospectus, it is lightweight used as a horizontal beam to support roofing
Falsework system or shoring system	:	Falsework system consists of temporary framework structures that are used in the construction of permanent structure in order to hold the items in place until the permanent structure is able to support itself. This is usually used in concrete casting to support the formwork until the concrete is set and the structure is able to support itself
Galvanised	:	A protective coating made of zinc. Mainly to protect against corrosion
High-tensile steel	:	Steel which can withstand a relative high level of strain without breaking or becoming deformed
Metal roofing	:	Metal roofing refers to roofing materials made of metal materials such as steel, aluminium, zinc and copper materials, which come in variety of gauge/thickness, profile types and colour selections
Mild steel	:	A type of steel with low carbon content

TECHNICAL GLOSSARY (cont'd)

Profile	:	In the context of this Prospectus, it refers to a uniform cross-section shape of a sheet metal
Reseller	:	Entities that buy and sell the purchased products without transformation
Roll forming	:	Roll forming process here refers to cold roll forming process which is a continuous process to form a sheet of metal strip into specific shapes through multiple sets of rollers at room temperature
Scaffoldings	:	Scaffoldings refer to temporary structures built for the purpose of supporting workers, materials and equipment to enable construction, renovation, repair or demolition work to be performed. It includes any working platform, gangway, skip, ladder or step-ladder which does not form part of such structure as well as other components including guard rail, toe boards or other safeguards
Section	:	A general term used to describe a long strip rolled into various shapes such as angles, C-shaped, T-shaped or I-shaped. They are available in many sizes and thickness and are used for structural purposes in buildings, walls, roofs and ceilings
Sheet metal products	:	Metal products whose input materials are steel sheets or strips formed into many flat products with profile such as roofing sheets and trusses, industrial racking systems and welded pipes
Truss	:	It refers to a framework comprising connected vertical, horizontal and diagonal members designed to carry loads and to provide stability to the overall structure. In the context of this Prospectus, it refers to steel roof truss used to carry the load and to provide lateral stability to the entire roof

TABLE OF CONTENTS

	PAGE
1. CORPORATE DIRECTORY	1
2. APPROVALS AND CONDITIONS	5
2.1 APPROVALS AND CONDITIONS	5
2.2 MORATORIUM ON OUR SHARES	6
3. PROSPECTUS SUMMARY	7
3.1 PRINCIPAL DETAILS RELATING TO OUR IPO	7
3.2 BUSINESS MODEL	7
3.3 COMPETITIVE POSITION AND BUSINESS STRATEGIES.....	9
3.4 RISK FACTORS	11
3.5 DIRECTORS AND KEY SENIOR MANAGEMENT	13
3.6 PROMOTER AND SUBSTANTIAL SHAREHOLDER	13
3.7 UTILISATION OF PROCEEDS	14
3.8 FINANCIAL AND OPERATIONAL INFORMATION.....	14
3.9 DIVIDEND POLICY	16
4. DETAILS OF OUR IPO	17
4.1 OPENING AND CLOSING OF APPLICATION PERIOD	17
4.2 INDICATIVE TIMETABLE	17
4.3 LISTING SCHEME	17
4.4 BASIS OF ARRIVING AT OUR IPO PRICE	22
4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS.....	23
4.6 PURPOSES OF OUR IPO	23
4.7 TOTAL MARKET CAPITALISATION UPON LISTING	24
4.8 DILUTION	24
4.9 UTILISATION OF PROCEEDS	25
4.10 UNDERWRITING, PLACEMENT AND BROKERAGE.....	34
4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT.....	35
4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET	38
5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT	39
5.1 PROMOTER AND SUBSTANTIAL SHAREHOLDER	39
5.2 DIRECTORS.....	42
5.3 KEY SENIOR MANAGEMENT	62
5.4 RELATIONSHIPS AND ASSOCIATIONS	71
5.5 REMUNERATION AND BENEFITS	72
5.6 MANAGEMENT REPORTING STRUCTURE.....	74
5.7 DECLARATIONS FROM PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT	75
6. INFORMATION ON OUR GROUP	76
6.1 BACKGROUND INFORMATION	76
6.2 OUR SUBSIDIARIES	88
6.3 MATERIAL INVESTMENTS AND DIVESTITURES	89
6.4 PUBLIC TAKE-OVERS	90
6.5 BUSINESS OVERVIEW	91
6.6 BUSINESS STRATEGIES AND PLANS	170
6.7 MATERIAL CONTRACTS	175
6.8 PROPERTY, PLANT AND EQUIPMENT	176
6.9 EMPLOYEES	186
6.10 MAJOR CUSTOMERS	187
6.11 MAJOR SUPPLIERS	191
6.12 EXCHANGE CONTROL	194
6.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE	194
7. IMR REPORT	196

TABLE OF CONTENTS (cont'd)

	PAGE
8. RISK FACTORS	207
8.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS	207
8.2 RISKS RELATING TO OUR INDUSTRY	213
8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES	215
8.4 OTHER RISKS.....	217
9. RELATED PARTY TRANSACTIONS	218
9.1 MATERIAL RELATED PARTY TRANSACTIONS	218
9.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS	236
9.3 LOANS MADE TO AND FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTIES.....	236
9.4 OTHER TRANSACTIONS.....	237
10. CONFLICT OF INTERESTS	242
10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS	242
10.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS	245
11. FINANCIAL INFORMATION	246
11.1 HISTORICAL FINANCIAL INFORMATION	246
11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	252
11.3 LIQUIDITY AND CAPITAL RESOURCES.....	289
11.4 KEY FINANCIAL RATIOS	295
11.5 TREND INFORMATION.....	301
11.6 ORDER BOOK.....	302
11.7 DIVIDENDS.....	302
11.8 SIGNIFICANT CHANGES.....	303
11.9 CAPITALISATION AND INDEBTEDNESS	304
12. ACCOUNTANTS' REPORT	305
13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION	365
14. STATUTORY AND OTHER INFORMATION	379
14.1 SHARE CAPITAL	379
14.2 INFORMATION OF OUR GROUP.....	379
14.3 INFORMATION OF OUR SUBSIDIARIES.....	380
14.4 CONSTITUTION	386
14.5 GENERAL INFORMATION	391
14.6 CONSENTS.....	392
14.7 DOCUMENTS FOR INSPECTION.....	392
14.8 RESPONSIBILITY STATEMENTS.....	393
15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	394
15.1 OPENING AND CLOSING OF APPLICATION	394
15.2 METHODS OF APPLICATIONS.....	394
15.3 ELIGIBILITY	395
15.4 APPLICATION BY WAY OF APPLICATION FORM	396
15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION	397
15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION	397
15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE.....	398
15.8 OVER/UNDERSUBSCRIPTION	398
15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS	399
15.10 SUCCESSFUL APPLICANTS	400
15.11 ENQUIRIES	401

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality	Gender
Dato' Saidi bin Ismail	Independent Non-Executive Chairman	62, Jalan 5A, Taman Mawar Bandar Baru Salak Tinggi 43900 Sepang Selangor	Malaysian	Male
Kang Beng Hai	Non-Independent Executive Director / Managing Director	17 Lagenda @ Southbay Jalan Lagenda 2 11960 Bayan Lepas Pulau Pinang	Malaysian	Male
Kang Yi Ki	Non-Independent Executive Director	17 Lagenda @ Southbay Jalan Lagenda 2 11960 Bayan Lepas Pulau Pinang	Malaysian	Female
See Swee Sie	Independent Non-Executive Director	57, Reservoir Crescent 11500 Ayer Itam Pulau Pinang	Malaysian	Female
Teresa Tan Siew Kuan	Independent Non-Executive Director	No. 12, Halaman Bukit Gambir 9 11700 Gelugor Pulau Pinang	Malaysian	Female
Lim Chee Hoong	Independent Non-Executive Director	1, Jalan Sri Klebang 7 Bandar Baru Sri Klebang 31200 Chemor Perak	Malaysian	Male

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Chee Hoong	Chairman	Independent Non-Executive Director
See Swee Sie	Member	Independent Non-Executive Director
Teresa Tan Siew Kuan	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
See Swee Sie	Chairperson	Independent Non-Executive Director
Teresa Tan Siew Kuan	Member	Independent Non-Executive Director
Lim Chee Hoong	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Teresa Tan Siew Kuan	Chairperson	Independent Non-Executive Director
See Swee Sie	Member	Independent Non-Executive Director
Lim Chee Hoong	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (cont'd)

COMPANY SECRETARIES

: Wong Youn Kim
1041, Jalan Kuang Gunung 4
Taman Kepong, 52100 Kuala Lumpur

Professional qualification:
Chartered Secretary and Chartered Governance Professional,
Fellow of the Malaysia Institute of Chartered Secretaries and
Administrators and Master of Corporate Governance
(MAICSA No.: MAICSA 7018778)
(SSM PC No.: 201908000410)

Lim Li Heong
641/2, Jalan Melang
Taman Sema
72000 Kuala Pilah
Negeri Sembilan

Professional qualification:
Chartered Secretary, Malaysian Institute of Chartered
Secretaries and Administrators
(MAICSA No.: MAICSA 7054716)
(SSM PC No.: 202008001981)

Wong Mee Kiat
No. 9, Jalan SJ16A
Taman Selayang Bahagia
68100 Batu Caves
Selangor

Professional qualification:
Chartered Secretary, Malaysian Institute of Chartered
Secretaries and Administrators
(MAICSA No.: MAICSA 7058813)
(SSM PC No.: 202008001958)

REGISTERED OFFICE

: Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur

Telephone: 03-2280 6388

HEAD OFFICE

: 1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12, 14200 Sungai Bakap
Seberang Perai Selatan
Penang

Telephone: 04-585 9999

1. CORPORATE DIRECTORY (*cont'd*)

EMAIL ADDRESS AND WEBSITE

: Email address: corporate@bwysgroup.com
Website: <http://www.bwysgroup.com>

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT

: M&A Securities Sdn Bhd
(Registration No: 197301001503 (15017-H))

45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: 03-2284 2911

SOLICITORS FOR OUR LISTING

: Jeff Leong, Poon & Wong

B-11-8, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur

Telephone: 03-2203 3388

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO

: BDO PLT
Registration number: 201906000013
LLP No. : LLP0018825-LCA
Firm No. : AF 0206

51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang

Telephone: 04-222 0288

Partner-in-charge: Koay Theam Hock
Approval number: 02141/04/2025 J

Professional qualification:
Chartered Accountant,
Malaysian Institute of Accountants
(Membership No. 6420)

1. CORPORATE DIRECTORY (cont'd)

- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd
(Registration No: 199301012059 (266797-T))
- V Square @ PJ City Centre (VSQ)
Block 6, Level 6
Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
- Telephone: 03-7931 3188
- Person-in-charge: Wooi Tan
- (Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute, and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management))*
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
(Registration No: 197101000970 (11324-H))
- Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- Telephone: 03-2783 9299
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : [Approved by the Shariah Advisory Council of the SC]

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated [●], approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
------------	--------------------------------------	-----------------------------

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated [●], approved the resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
------------	--------------------------------------	-----------------------------

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at the incorporation		After IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 154,082,100	15.03
Non-Bumiputera	1	100.0	871,130,900	84.97
Malaysian	1	100.0	1,025,213,000	100.0
Foreigners	-	-	-	-
Total	1	100.0	1,025,213,000	100.0

Note:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

Categories	No. of Shares	%
Bumiputera investors via public balloting	25,630,400	2.50
Private placement to identified Bumiputera investors approved by MITI	128,151,700	12.50
Dato' Saidi bin Ismail under the Pink Form Allocations	300,000	0.03
Total	154,082,100	15.03

The Shariah Advisory Council of the SC had, vide its letter dated [●] classified our Shares as Shariah-compliant based on the audited combined financial statements for the FYE 2022.

2. APPROVALS AND CONDITIONS

2.1.3 MITI

The MITI had, vide its letter dated 4 December 2023, taken note and has no objection to our Listing.

2.2 MORATORIUM ON OUR SHARES

2.2.1 Specified Shareholders

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 a period of six (6) months from the date of our admission to the ACE Market ("**Moratorium Period**") in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

M&A Securities, as a Sponsor, confirms that our Group has met the quantitative criteria for admission to the Main Market of the Bursa Securities as at the date of submission of the listing application to the Bursa Securities pursuant to Rule 3.19 (1A)(b) of the Listing Requirements.

Details of our Specified Shareholders and their Shares which will be subject to the abovementioned moratorium, are set out below:

Specified Shareholders	No. of Shares	(1)%
KBH	⁽²⁾ 668,910,000	65.2
Kang Yi Ki ⁽³⁾	1,000,000	~
Total	669,910,000	65.2

Notes:

~ less than 0.1%.

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

(2) After the Offer for Sale.

(3) Assuming Kang Yi Ki will fully subscribe for her entitlement under the Pink Form Allocations.

The moratorium has been fully accepted by our Specified Shareholders, who have provided a written undertaking that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by KBH and Kang Yi Ki to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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.

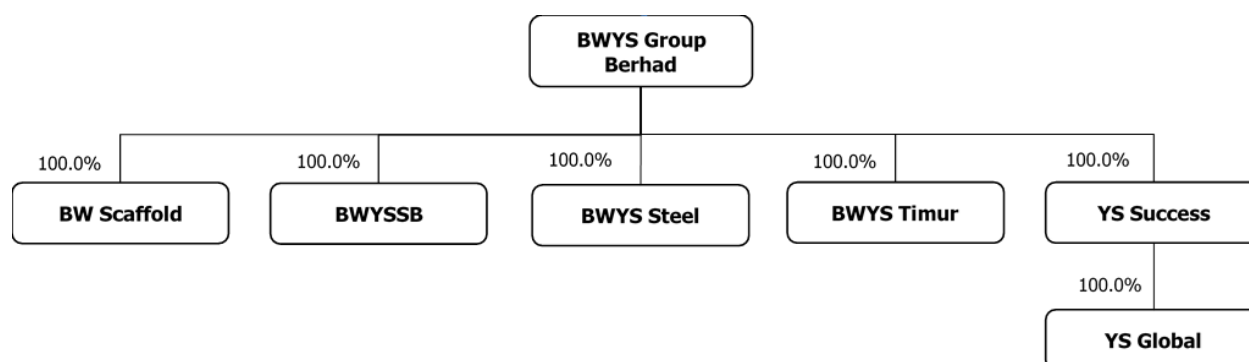
3.2 BUSINESS MODEL

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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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on [•] and will remain open until 5.00 p.m. on [•]. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/Opening of Application	[•]
Closing Date/Closing of Application	[•]
Balloting of Application	[•]
Allotment/Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

In the event there is any changes to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 LISTING SCHEME

4.3.1 Public Issue

A total of 256,303,000 Issue Shares representing 25.0% of our enlarged share capital are offered at the IPO Price and shall be allocated in the following manner:

(a) Malaysian Public

51,260,800 Issue Shares, representing 5.0% of our enlarged share capital are made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 25,630,400 Issue Shares made available to public investors; and
- (ii) 25,630,400 Issue Shares made available to Bumiputera public investors.

(b) Pink Form Allocations

61,512,800 Issue Shares, representing 6.0% of our enlarged share capital are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3 of this Prospectus.

(c) Private placement to Bumiputera investors approved by MITI

128,151,700 Issue Shares, representing 12.5% of our enlarged share capital are reserved for private placement to Bumiputera investors approved by MITI.

(d) Private placement to selected investors

15,377,700 Issue Shares, representing 1.5% of our enlarged share capital are reserved for private placement to selected investors.

4. DETAILS OF OUR IPO (cont'd)

Our Public Issue is expected to raise gross proceeds of RM[●] million and will accrue entirely to our Company.

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements and to establish a liquid market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will increase the number of our Issue Shares. Our Public Issue is subject to the terms and conditions of this Prospectus.

4.3.2 Offer for Sale

Our Selling Shareholder will undertake an offer for sale of 100,000,000 Offer Shares, representing 9.8% of our enlarged share capital at the IPO Price, by way of private placement to selected investors. The details of our Selling Shareholder is as follows:

Name/ Address	Relationship with our Group	Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(¹)%	No. of Shares	(²)%	No. of Shares	(²)%
KBH / 17 Lagenda @ Southbay Jalan Lagenda 2 11960 Bayan Lepas Pulau Pinang	Promoter, Specified Shareholder, substantial shareholder and Managing Director	768,910,000	100.0	100,000,000	9.8	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.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholder, who is also our Promoter, Specified Shareholder, substantial shareholder and Managing Director are set out in Sections 5.1.2 of this Prospectus.

4. DETAILS OF OUR IPO (cont'd)

4.3.3 Pink Form Allocations

We have allocated 61,512,800 Issue Shares to Eligible Persons under the Pink Form Allocations as follows:

Categories	No. of eligible persons	Aggregate no. of Issue Shares
Eligible Directors	5	2,200,000
Eligible key senior management	3	6,000,000
Other eligible employees	467	33,312,800
Persons who have contributed to our success	20	20,000,000
Total	495	61,512,800

(a) Allocation to our eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Our Managing Director has opted not to participate in the Pink Form Allocations as he is already our shareholder. Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares
Dato' Saidi bin Ismail	Independent Non-Executive Chairman	300,000
See Swee Sie	Independent Non-Executive Director	300,000
Teresa Tan Siew Kuan	Independent Non-Executive Director	300,000
Lim Chee Hoong	Independent Non-Executive Director	300,000
Kang Yi Ki	Executive Director	1,000,000
	Total	2,200,000

(b) Allocation to eligible employees

The criteria of allocation to our eligible employees, including key senior management, (as approved by our Board) are based on, inter-alia, the following factors:

- (i) our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) full time employee of at least 18 years of age; and
- (iii) the number of Shares allocated to our eligible employees is based on their seniority, position, length of service and/or respective contribution to our Group as well as other factors deemed relevant by our Board.

4. DETAILS OF OUR IPO (cont'd)

Details of the proposed allocation to our key senior management are as follows:

<u>Names</u>	<u>Designation</u>	<u>No. of Issue Shares</u>
<u>Key senior management</u>		
Lau Ken Wah	Chief Operating Officer	2,000,000
Sim Kay Wah	Chief Financial Officer	2,000,000
Larry Lim Eng Sooi	Head of Corporate Governance, Affairs and Compliance	2,000,000
Total		<u>6,000,000</u>

(c) Allocation to persons who have contributed to our success

Persons who have contributed to our success include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to our success are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

Any of our Issue Shares not subscribed for under Sections 4.3.1(a) and 4.3.1(b) above shall be subject to the following clawback and reallocation provisions:

- (i) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated to our Eligible Persons. Likewise, any Issue Shares which are not taken up by our Eligible Persons will be allocated to the Malaysian Public.
- (ii) Subject to (i) above and Section 4.3.3 of this Prospectus, in the event there are Issue Shares not subscribed by the Malaysian Public as well as our Eligible Persons, the remaining portion will be made available for application by way of private placement to selected investors to be identified under Section 4.3.1(d) of this Prospectus. Thereafter, any remaining Issue Shares that are still not subscribed for will be underwritten based on the terms and conditions of the Underwriting Agreement.
- (iii) The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Any unsubscribed Issue Shares under this allocation shall firstly be reallocated to institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting, and thereafter to the other public investors via public balloting.
- (iv) In the event of an oversubscription by the Malaysian Public and a corresponding under-subscription under Sections 4.3.1(b), 4.3.1(d) and/or 4.3.2 of this Prospectus, the remaining portion will be clawed-back and be allocated to the Malaysian Public to increase the participation of retail investors.
- (v) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

The clawback and reallocation shall not apply in the event of over-application under Sections 4.3.1(a), 4.3.1(b), 4.3.1(c), 4.3.1(d) and 4.3.2 of this Prospectus. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4. DETAILS OF OUR IPO (*cont'd*)

As at the LPD, to the extent known to our Company:

- (a) Save for the Pink Form Allocations, there are no substantial shareholder, Directors, or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.3.4 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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4. DETAILS OF OUR IPO (cont'd)

4.4 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Principal Adviser, Sponsor, Placement Agent and Underwriter, after taking into consideration the following factors:

- (a) PE Multiple of approximately [•] times based on our audited pro forma EPS of 2.3 sen for FYE 2022, calculated based on our audited combined PAT of our Group of RM23.5 million and enlarged share capital of 1,025,213,000 Shares upon Listing;
- (b) our pro forma combined NA per Share of [•] sen as at 31 December 2022 after the adjustments for other material transaction, Capitalisations, Acquisitions, and IPO, calculated based on our pro forma combined NA as at 31 December 2022 of RM[•] million and enlarged share capital of 1,025,213,000 Shares upon Listing;
- (c) our historical financial track record as summarised below:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	130,864	222,435	236,231
GP	25,257	52,168	56,450
PAT	3,311	24,839	23,511
Basic and diluted EPS (sen) ⁽¹⁾	0.3	2.4	2.3

Note:

- (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.
- (d) our competitive strengths as set out in Section 6.5.6 of this Prospectus;
- (e) our Group's business strategies as set out in Section 6.6 of this Prospectus; and
- (f) an overview and outlook of the industry in which our Group operates as set out in Section 7 of this Prospectus.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our Issue Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (*cont'd*)

4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital will be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	768,910,000	146,092,901
To be issued under Public Issue	256,303,000	[•]
Enlarged share capital upon Listing	1,025,213,000	[•]

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Depository Rules.

Our Offer Shares will rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Depository Rules.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the number of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

4.6 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) to enable our Group to raise funds for the purposes specified in Section 4.9 of this Prospectus;
- (b) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our services, retention of our employees, expansion of our client base and to attract new talents;
- (c) to increase the visibility of our Group in the sheet metal products industry in Malaysia;
- (d) to provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to our success to participate in our equity growth; and
- (e) to enable us to access the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4. DETAILS OF OUR IPO (cont'd)

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 1,025,213,000 Shares, our total market capitalisation is estimated to be RM[•] upon Listing.

4.8 DILUTION

4.8.1 NA per Share

Dilution is the amount by which our IPO Price exceeds the pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	[•]
Pro forma combined NA per Share as at 31 December 2022 after adjustment for other material transactions ⁽¹⁾ , Capitalisations and Acquisitions before IPO	0.18
Pro forma combined NA per Share as at 31 December 2022 after adjustment for other material transactions ⁽¹⁾ , Capitalisations, Acquisitions and IPO	[•]
Increase in pro forma combined NA per Share attributable to existing shareholders	[•]
Dilution in pro forma combined NA per Share to new public investors	[•]
Dilution in pro forma combined NA per Share as a percentage of IPO Price	[•]%

Note:

(1) Please refer to Section 13 of this Prospectus for further details of the other material transactions which occurred after 31 December 2022.

Further details of our pro forma combined NA per Share as at 31 December 2022 is set out in Section 13 of this Prospectus.

4.8.2 Effective cost per Share

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoter, Directors, substantial shareholder or key senior management, or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares during the past 3 years to the date of this Prospectus:

<u>Name</u>	<u>No. of Shares held before our IPO</u>	<u>Total consideration RM</u>	<u>Average effective cost per Share RM</u>
KBH	768,910,000	146,092,901	0.19

4. DETAILS OF OUR IPO (cont'd)

4.9 UTILISATION OF PROCEEDS

4.9.1 Public Issue

The estimated gross proceeds arising from our Public Issue of RM[•] million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of IPO proceeds	Notes	RM'000	%	Estimated timeframe for utilisation from Listing
Capital Expenditure:				
- Construction of New Penang Factory	1(a)	[•]	[•]	Within 36 months
- Purchase of new machinery and equipment	1(b)	[•]	[•]	Within 36 months
- Implementation of new ERP system, production and inventory management systems	1(c)	[•]	[•]	Within 36 months
Repayment of bank borrowings	2	[•]	[•]	Within 12 months
Working Capital	3	[•]	[•]	Within 12 months
Estimated listing expenses	4	[•]	[•]	Within 3 months
Total		[•]	100.0	

Notes:

(1) Capital Expenditure

(a) Construction of New Penang Factory

Our Group plans to allocate RM[•] million or [•]% from our IPO proceeds to partially finance the construction of the New Penang Factory.

In 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. The New Penang Factory will be constructed on 4.5-acre of the remaining vacant land, which will be adjacent to our existing Penang 1572 Factory, while the remaining 3.5-acre land will comprise the car park area, access road, guard house and electric supply substation. The New Penang Factory will have a total built-up area of approximately 197,153 sq ft, which consist of 1 block single storey factory with double storey office ("**Block 1**"), as well as 1 block single storey factory and office.

4. DETAILS OF OUR IPO (cont'd)

An illustration of New Penang Factory is as follows:



Our main rationale for the setting up the New Penang Factory is to address the building layout limitations of Penang 1572 Factory particularly with regard to the building length of 111 metres which is not able to accommodate a new continuous production line. In this respect, the New Penang Factory is designed with the building length of 180 metres to house our new continuous PU foam sandwich panel production line in Block 1.

In addition to house the new continuous PU foam sandwich panel production line in Block 1, we also plan to house the following machinery and equipment for our manufacturing operations:

- a new automated powder coating line for our industrial racking systems.
- the existing machinery and equipment for our industrial racking systems manufacturing operations will be relocated from the Penang 1572 Factory to Block 1. Subsequently, we intend to rent out the vacant Penang 1572 Factory after the relocation.
- the existing machinery and equipment for our roofing sheets and trusses manufacturing operations from Penang 1571 Factory which will be relocated to Block 1. Subsequently, this will free up the space in Penang 1571 Factory which will be used as storage facilities for our raw materials as well as finished goods for our sheet metal product manufacturing mainly welded pipes.

We expect to relocate our existing machinery and equipment as mentioned above to Block 1 within 12 months after the completion of the construction of our New Penang Factory. In addition, we expect to incur a relocation cost of RM1.00 million which will be funded through internally generated funds.

4. DETAILS OF OUR IPO (cont'd)

The following table shows the usage and size of our head office, warehouse and manufacturing facilities located in Penang before and after the construction of the New Penang Factory:

Buildings	Usage	Before	After
		Size (sq ft)	
Penang 1571 Factory	• Office	39,000	39,000
	• Manufacturing floor space	218,820	166,520
	• Warehouse	4,740	57,040
Penang 1572 Factory	• Office	555	(1)-
	• Manufacturing floor space	26,602	(1)-
	• Warehouse	8,443	(1)-
New Penang Factory	• Office	-	11,961
	• Manufacturing floor space	-	92,001
	• Warehouse	-	93,191
	Total production capacity (MT)	98,969	106,320
	Total warehouse capacity (sq ft)	13,183	150,231

Note:

- (1) We intend to rent out Penang 1572 Factory which will be vacant after the completion of the New Penang Factory and relocation of our existing machinery and equipment for our industrial racking systems manufacturing operations to the New Penang Factory.

In November 2022, we have obtained the approval of the building plan for the construction of our planned New Penang Factory. The key milestones for the construction of our planned New Penang Factory are as follows:

- First quarter of 2024 : Commence construction of factory
- First quarter of 2026 : Complete physical building construction and submission for CCC
: Commence installation and commissioning of machinery and equipment
: Submission of manufacturing and other relevant licences
- First quarter of 2027 : Commence commercial production

The total cost for the above setting up of New Penang Factory including construction and renovation is estimated at RM[•] million (based on quotations obtained from respective contractors and suppliers for the construction and renovation work) which will be partially funded via RM[•] million from our IPO proceeds while the remaining via bank borrowings.

Our Group plans to commence the construction of the New Penang Factory in first quarter of 2024 by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue are received, we will use the proceeds allocated to replenish our internally generated funds.

4. DETAILS OF OUR IPO (cont'd)

Details are set out below:

	Funding		
	Estimated cost	IPO Proceeds	⁽ⁱ⁾Bank borrowings
	RM'000	RM'000	RM'000
New factory			
Preliminary works	[•]	[•]	[•]
Piling works	[•]	[•]	[•]
Construction of factory building	[•]	[•]	[•]
Road and drainage works	[•]	[•]	[•]
Electrical works	[•]	[•]	[•]
Others ⁽ⁱⁱ⁾	[•]	[•]	[•]
Total	[•]	[•]	[•]

Notes:

- (i) We have not identified any banking facilities to be obtained or received letter of offers from any financial institutions to finance the remaining construction costs of the New Penang Factory at this juncture.
- (ii) This consists of firefighting system installation, external works, water supply and plumbing installation as well as sanitary installation works.

(b) Purchase of new machinery and equipment

Our Group plans to allocate RM[•] million or [•]% from our IPO proceeds for the purchase of new machinery and equipment. The total cost for the purchase of new machinery and equipment (based on respective vendor's quotations) are as follows:

	Note	Quantity Unit/line	Estimated cost RM'000
New powder coating line	(i)	1	[•]
New roll forming machines and related equipment	(ii)	9	[•]
			[•]

Notes:

- (i) New powder coating line

As at the LPD, we have one automated powder coating line which is installed at our Penang 1571 Factory used for our industrial racking systems. Our powder coating system provides decorative finishes as well as resistance to corrosion and abrasion.

4. DETAILS OF OUR IPO (cont'd)

We have earmarked RM[•] million from our IPO proceeds to purchase and install a new automated powder coating line at our New Penang Factory to cater for expected business expansion for our industrial racking systems.

The new automated powder coating line will use a conveyor system to transport the metal parts from one station to the next station as follows:

- preparation station including loading area for the metal parts to be coated;
- pre-treatment station using vertical spray shower type;
- drying oven before coating using hot air circulation method to eliminate residual moisture and prepare the parts for powder coating;
- powder spray booth using compressed air powder guns;
- curing oven; and
- unloading area of coated metal parts.

(ii) New roll forming machines and related equipment

We intend to purchase new machines mainly roll forming machines to replace our existing machines for the manufacture of roof trusses in the Banting Factory and retire some of our existing machines in the Penang 1571 Factory, as well as new related equipment for the manufacture of roof trusses and industrial racking systems.

The annual capacity for the manufacture of roof trusses is expected to increase from 19,718 tonnes to 21,828 tonnes, while the annual capacity for the manufacture of industrial racking systems is expected to increase from 7,363 tonnes to 9,204 tonnes.

The total cost for the purchase of new roll forming machines and related equipment is estimated at RM[•] million which will be fully funded from our IPO proceeds. The details are set out below:

	Quantity	Estimated cost
	Unit	RM'000
Roof trusses		
Roll forming machine ⁽¹⁾	2	[•]
Packing machine	4	[•]
Industrial racking systems		
Roll forming machine ⁽²⁾	2	[•]
Container loading system	1	[•]
Total	9	[•]

Notes:

- (1) These 2 new units of roll forming machine will be used to replace 2 existing roll forming machines for the manufacture of roof trusses in the Banting Factory. The new roll forming machines can operate at a higher speed at 70 metres/minute as compared to the existing roll forming machines at 15 metres/minute.
- (2) These 2 new units of roll forming machine will be used to retire 2 existing roll forming machines with an average age of 9 years and are no longer cost efficient for the manufacture of industrial racking systems in the Penang 1571 Factory.

4. DETAILS OF OUR IPO (cont'd)

(c) Implementation of new ERP system, production and inventory management systems

Our Group plans to allocate RM[•] million or [•]% from our IPO proceeds for the implementation of new ERP system, production and inventory management systems. This is to integrate our business processes as well as to digitalise our production and inventory management where the existing administrative processes are primarily manual.

With the implementation of the new systems, we will be able to monitor every stage of the manufacturing process, beginning from the incoming raw materials till the delivery of the finished goods to our customers. The implementation of the systems will create a network to link our manufacturing facility including the manufacturing execution system and inventory management system, which will enable us to monitor and trace the entire manufacturing process in real-time as well as movement of our inventories.

The total cost for the implementation of new ERP system, production and inventory management systems is estimated at RM[•] million (based on vendor's quotation). The details are set out below:

	Note	Estimated cost RM'000
ERP system	(i)	[•]
Production and inventory management systems	(ii)	[•]
Collaboration software	(iii)	[•]
ICT hardware	(iv)	[•]
Total		[•]

Notes:

(i) ERP system

We intend to replace our existing accounting system to provide additional functions and features as well as to integrate our business processes across key departments including accounting, order entry and processing, purchasing and inventory and warehouse management. The new ERP system is to enhance our basic data collection and analysis, transaction processing, and management reporting functions for our business operations.

We intend to install a new ERP system comprising the following key modules:

- manufacturing module to plan for production including generate the bill of materials and order document picking list for materials;
- purchasing module to manage the purchase process including registration of suppliers and issuing purchase orders to our suppliers;
- sales module to manage all functionality relating to sales and customer information including registration of customers, quotations sent, register customers and issuing invoices;
- stock module to monitor inventory level;
- time recording module for human resources purposes; and
- accounting module for accounting and finance functions.

4. DETAILS OF OUR IPO (*cont'd*)

(ii) Production and inventory management systems

(aa) RFID system

We intend to implement RFID technology for the following systems:

- raw materials, work in progress and finished goods inventory management systems for 2 main operational facilities, namely at the Penang 1571 Factory and Banting Factory;
- raw materials and finished goods inventory management systems for the other 5 operational facilities including the Kota Bharu Factory, warehouse and office located at Johor, Kuching, Bintulu and Kota Kinabalu; and
- rental asset management systems for the 7 operational facilities (excluding Penang 1572 Factory).

It will include relevant hardware, software and communications devices, including the following:

- RFID reader which will be installed in our manufacturing facility to provide real time location tracking of our inventories including raw materials, work-in-progress and finished goods;
- RFID tags with running serial numbers and barcodes for identification, which will be tagged on our inventories for us to trace movements of the items; and
- RFID handheld reader to scan and register the RFID tags for all incoming raw materials as well as outgoing products.

RFID related hardware



(bb) Manufacturing execution system (MES)

We also plan to implement a new manufacturing execution system (MES) to manage and monitor the production progress. The management execution system will integrate various software modules and hardware to provide real time production data, monitor production output, equipment monitoring to provide data on overall equipment effectiveness, tracking of production process, production planning and scheduling, as well as report generation and analysis.

4. DETAILS OF OUR IPO (cont'd)(iii) Collaboration software

We also intend to subscribe to a collaboration software which is a cloud-based collaboration tool to enhance communications between department and project management. The software includes customisable workflow template which will allow us to manage our projects, delegate tasks, project scheduling, as well as facilitate communications among participants.

(iv) ICT Hardware

As part of our upgrade and implementation plan of the above ERP and other IT systems, we also intend to upgrade and replace some of our existing ICT hardware and we plan to purchase new ICT hardware including server, firewall and switches.

(2) Repayment of bank borrowings

We plan to allocate RM[•] million or [•]% of our IPO proceeds to pare down and reduce our bank borrowings as follows:

<u>Type of banking facilities</u>	<u>Purpose</u>	<u>Interest rate per annum</u>	<u>Maturity date</u>	<u>Balance as at the LPD RM'000</u>	<u>Amount to be repaid from IPO proceeds RM'000</u>
Term loan – Malayan Banking Berhad ⁽ⁱ⁾	Working capital	3.5%	2026	1,207	[•]
Term loan – Malayan Banking Berhad ⁽ⁱⁱ⁾	Working capital	BLR+2.0%	2027	662	[•]
Term loan – Ambank Berhad ⁽ⁱ⁾	Working capital	3.5%	2026	548	[•]
Term loan – Ambank Berhad ⁽ⁱⁱ⁾	Working capital	BLR+0%	2026	3,345	[•]
				5,762	[•]

Notes:

- (i) Based on fixed interest rate.
- (ii) Based on floating interest rate. The Base Lending Rate (“BLR”) for Malayan Banking Berhad and Ambank Berhad is 6.65% per annum and 6.70% per annum respectively with effect from May 2023 as published on their websites.

We have identified the abovementioned bank borrowings for repayment as these bank borrowings consists of Credit Corporate Guarantee (CGC) loans as well as loans obtained under the Special Relief Facility Scheme (SRF) by Syarikat Jaminan Pembiayaan Perniagaan (SJPP). In light that we will no longer be eligible under CGC and SRF schemes upon Listing, we plan to utilise part of our IPO proceeds to repay these borrowings. We will use our internally generated funds to repay any shortfall from our IPO proceeds to fully settle the bank borrowings above.

4. DETAILS OF OUR IPO (*cont'd*)

The repayment of bank borrowings will also result in an expected total interest savings of RM[•] million per annum, based on the average interest rate of 4.3% per annum multiplied by the amount to be utilised from our IPO proceeds. However, the actual interest savings may vary depending on the then applicable interest rate.

(3) Working capital

We plan to allocate RM[•] million or [•]% of our IPO proceeds to fund our working capital requirements for the purchase of raw materials such as steel materials and steel related products.

For the Period Under Review, raw materials are the main component of our cost of sales, representing approximately 77.4% to 84.2% of the total cost of sales and they are expected to increase in tandem with the expected growth in scale of our operations.

(4) Estimated listing expenses

We plan to allocate RM[•] million or [•]% of our IPO proceeds to meet the estimated expenses of our Listing. The following summarise the estimated listing expenses incidental to our Listing to be borne by us:

Utilisation	RM'000
Professional fees ⁽¹⁾	[•]
Underwriting, placement and brokerage fees	[•]
Fees to authorities	[•]
Printing, advertising fees and contingencies ⁽²⁾	[•]
Total	[•]

Notes:

- (1) Includes advisory/professional fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Pending deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions as our Directors may deem appropriate.

Any variations from the amounts budgeted for (1) and (2) above, shall be adjusted towards or against, as the case may be, the proceeds allocated for working capital requirements as stated in (3) above. Pending the receipt of proceeds from our Public Issue, we may proceed with our plans as set out in (1), (2) and (3) above by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue are received, we will use the proceeds allocated to replenish our internally generated funds.

Where applicable and required under Rule 8.24 of the Listing Requirements, our Group will seek the shareholders' approval for any material variation to the utilisation of proceeds raised from our Listing.

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma combined financial information is set out in Section 13 of this Prospectus.

4. DETAILS OF OUR IPO (cont'd)

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM[•] million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds. Our Selling Shareholder shall bear all of the expenses such as stamp duty, placement fees and miscellaneous fees relating to the Offer Shares, the aggregate of which are estimated to be approximately RM[•] million.

4.10 UNDERWRITING, PLACEMENT AND BROKERAGE

4.10.1 Underwriting arrangement and commission

(a) Underwriting arrangement

Our Underwriter will underwrite 112,773,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 143,529,400 Issue Shares and 100,000,000 Offer Shares reserved for private placement to selected investors and Bumiputera investors approved by MITI will be fully placed out by our Placement Agent and will not be underwritten.

(b) Underwriting commission

Our Underwriter will underwrite 112,773,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 2.5% of the total value of the underwritten Issue Shares at our IPO Price.

4.10.2 Placement arrangement and fee

Our Placement Agent will place out a total of 143,529,400 Issue Shares and 100,000,000 Offer Shares to selected investors and Bumiputera investors approved by MITI, respectively.

We will pay our Placement Agent a placement fee of 2.5% of our IPO price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out to selected investors by our Placement Agent, will be borne entirely by our Selling Shareholder.

4.10.3 Brokerage fee

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4. DETAILS OF OUR IPO (*cont'd*)

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 112,773,600 Issue Shares ("**Underwritten Shares**") as set out in Section 4.10.1.

The salient terms of the Underwriting Agreement are as follows:

Conditions precedent

The obligations of the Underwriter under this Agreement are conditional upon:

- (a) the delivery by the Company to the Underwriter before last date and time for applications and payment for the IPO in accordance with the Prospectus and Application Form ("**Closing Date**") or extended Closing Date as mutually agreed in writing by the Company and the Underwriter and subject to the prior written approval of the relevant authorities ("**Extended Closing Date**"), a written confirmation by the Company that there having been on or prior to the Closing Date or Extended Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial, business, operations or otherwise) of the Group, which is material in the context of the IPO as set out in this Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement and the said written confirmation shall be in the form and substance as attached in the Underwriting Agreement;
- (b) the delivery by the Company to the Underwriter prior to the date of the registration of this Prospectus with Bursa Securities, two (2) copies (certified as true by the company secretary of the Company) of the extracts of all the resolutions of the board of Directors of the Company:
 - (i) approving the IPO and the Listing and the transactions contemplated by each of the same;
 - (ii) approving and authorising the execution of the Underwriting Agreement and authorising such person(s) as the board of Directors may resolve to execute the Underwriting Agreement for and on behalf of the Company;
 - (iii) approving the issue and allotment of the Issue Shares under the IPO;
 - (iv) approving and authorising the issuance of this Prospectus; and
 - (v) confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus;
- (c) the delivery by the Company to the Underwriter, a written confirmation that all the resolutions referred in Clause (b) above are in full force and effect as at the Closing Date or Extended Closing Date (as the case may be) and have not been rescinded, revoked, or varied;
- (d) this Prospectus being in the form and substance satisfactory to the Underwriter;

4. DETAILS OF OUR IPO (cont'd)

- (e) the delivery by the Company to the Underwriter on the Closing Date or Extended Closing Date (as the case may be) of such reports and confirmations dated the Closing Date or Extended Closing Date (as the case may be) from the Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will materially and adversely affect the performance or financial position of the Group;
- (f) that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (g) on the Closing Date or Extended Closing Date (as the case may be), the IPO is not being prohibited or impeded by any statute, order, rule, regulation or directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
- (h) this Prospectus having been issued within two (2) months after the date of the Underwriting Agreement or within such extended period as may be agreed in writing by the Underwriter;
- (i) the Underwriting Agreement has been duly executed and stamped and the Company has complied with and there is no breach of, or failure on the part of the Company to comply with, any of their obligations under the Underwriting Agreement, and that on the Closing Date or Extended Closing Date (as the case may be), the Company has complied with, and that the IPO (including the offer, sale and issue of Public Issue Shares and the Offer Shares), the Listing and the transactions contemplated under the Underwriting Agreement are in compliance with, all relevant laws;
- (j) the acceptance for registration by Bursa Securities of this Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO and the lodgement of this Prospectus with the CCM on or before their release under the IPO or in accordance with Section 154 of the Act and the CMSA together with copies of all documents required under the Act and CMSA; and
- (k) all approvals required in relation to the IPO, the admission and the Listing, including but not limited to approvals from Bursa Securities and the MITI having been obtained and are in full force and effect as at the Closing Date or Extended Closing Date (as the case may be) and that all conditions of the Approvals (except for any which can only be complied with after the IPO has been completed) have been complied with and such Approvals have not been withdrawn, amended, suspended, terminated, lapsed or been revoked.

(Collectively referred to as the "**Conditions Precedent**")

Termination

The Underwriter may by notice in writing to the Company given at any time before the Closing Date or Extended Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

- (a) any of the approvals of Bursa Securities for the Listing is revoked, withdrawn; or

4. DETAILS OF OUR IPO (cont'd)

- (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within such number of days as stipulated in a notice to be made by the Underwriter to the Company of such breach, or by the Closing Date or Extended Closing Date, whichever is earlier; or
- (c) there is withholding of information by the Company which is required to be disclosed to the Underwriter pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated in a notice to be made by the Underwriter to the Company of such breach, which would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
- (d) there shall have occurred, happened or come into effect any material and adverse change to the business or financial conditions of the Company or the Group; or
- (e) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter and which would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or operations of the Company, the success of the IPO, the distribution or sale of the Issue Shares or the performance of any material part of this Agreement;
- (f) there is a failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement;
- (g) any of the Conditions Precedent are not duly satisfied by the Closing Date or Extended Closing Date (as the case may be).

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4. DETAILS OF OUR IPO (*cont'd*)

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA or Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT

5.1 PROMOTER AND SUBSTANTIAL SHAREHOLDER

5.1.1 Promoter's and substantial shareholder's shareholdings

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

Name	Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
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.

Our Promoter and substantial shareholder do not have different voting rights from the other shareholders of our Group.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

5.1.2 Profiles of Promoter and substantial shareholder

(a) Kang Beng Hai

Non-Independent Executive Director, Managing Director, Promoter and substantial shareholder

KBH, a Malaysian male, aged 50, is our Non-Independent Executive Director and Managing Director. He was appointed to our Board on 4 January 2023. He is also our Promoter and substantial shareholder. KBH has more than 30 years of experience in manufacturing and trading of sheet metal products, scaffoldings and steel-related products. He is principally responsible for overseeing the day-to-day operations and implementation of the business strategies, corporate directions and business development of our Group.

KBH had his secondary education interrupted in December 1987 to assist in his family poultry-farm in Kepala Batas, Penang. In August 1999, he co-founded BW Yee Seng Hardware Sdn Bhd (now known as BWYS Steel) with two other unrelated parties (Yap Kock Wah and Vu Chee Keong) where he was responsible for the sales of steel products as well as overseeing the operations of the company. During this period, he is able to gain valuable knowledge and management experience as well as access to business networks within the steel products trading business.

In March 2008, he established Prima Max Scaffold System Sdn Bhd (now known as YS Success) which commenced operations in the sales of roofing sheets and other building materials and subsequently ventured into manufacturing of roofing sheets business in 2011. He then expanded our Group's business to include manufacture of roof trusses, industrial racking systems, welded pipes and supply of scaffoldings. He continues to spearhead our Group's business.

Details of which his involvements in other companies outside of our Group are set out in Section 5.2.2(b) of this Prospectus.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT *(cont'd)*

5.1.3 Changes in the Promoter's and substantial shareholder's shareholdings

The changes in our Promoter and substantial shareholder's respective shareholdings since our incorporation are as follows:

Name	As at incorporation				Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
KBH	-	-	-	-	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.

5.1.4 Persons exercising control over the corporation

Save for our Promoter as set out in Section 5.1.1 of this Prospectus, we are not aware of any other person(s) who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Benefits paid or intended to be paid

Save for the dividends declared and paid to our Promoter and substantial shareholder as disclosed below and the aggregate remuneration and benefits in-kind paid or to be paid to our Promoter and substantial shareholder as disclosed in Section 5.5 of this Prospectus, there are no amount or benefit paid and intended to be paid or given to our Promoter and substantial shareholder within the 2 years preceding the date of this Prospectus and up to the LPD.

	Dividends declared and paid		
	FYE 2021	FYE 2022	1 January 2023 up to the LPD
	RM'000	RM'000	RM'000
KBH	1,600	11,135	3,000

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT *(cont'd)*

5.2 DIRECTORS

5.2.1 Profiles of Directors

The profiles of our Directors are as follows:

(a) Dato' Saidi bin Ismail
Independent Non-Executive Chairman

Dato' Saidi bin Ismail, a Malaysian male, aged 63, is our Independent Non-Executive Chairman and was appointed to our Board on 1 August 2023.

He graduated with a Bachelor of Islamic Studies at University Kebangsaan Malaysia in August 1983. He obtained his Master of Public Administration from University Sains Malaysia in August 2002.

In September 1983, he began his career as a Superintendent of Customs of the enforcement unit at the Royal Malaysia Customs in Johor. He was then transferred to the Enforcement Unit of the Royal Malaysia Customs, Kedah and Perlis in April 1990 and August 2001 respectively, holding the same position, where he was principally involved in enforcing customs regulations. In September 2005, he was transferred to the Human Resources and Organisational Division at Putrajaya where he assisted in managing the personnel in the customs department and evaluating their performance.

He was transferred to Seremban in December 2005 and to Kuala Lumpur in December 2006, to lead the respective enforcement units. In November 2009, he was promoted to Senior Customs Assistant (Grade W52) where he was responsible for leading and managing customs operations. In April 2011, he was assigned the role of Deputy of Customs Director in the Indirect Tax Division in Kedah where he mainly assisted in administration of matters in relation to indirect taxes. In April 2013, he was transferred to Putrajaya where he assumed the position of Head of Branch in the Import / Export Division where he was responsible in overseeing and regulating the movement of goods across borders. In August 2014, he served as a Deputy Director at the Academic Customs Malaysia in Melaka.

His last role at the Royal Malaysian Customs, starting from July 2017, was as a Customs Director in Penang, leading and managing various departments including Human Resources, Indirect Tax and Import and Export. He was responsible for overseeing and managing customs operations, strategies and policies. During his 37 years tenure with Royal Customs Malaysia, he held various positions until his retirement in February 2020.

In March 2021, he was also appointed as a director of Prompt Dynamic Logistics Sdn Bhd where he was responsible for overseeing customs and logistics matters and he subsequently resigned in February 2023.

Details of which his involvements in other companies outside of our Group are set out in Section 5.2.2(a) of this Prospectus.

(b) Kang Beng Hai
Non-Independent Executive Director, Managing Director, Promoter and substantial shareholder

Please refer to Section 5.1.2(a) of this Prospectus for his profile.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

(c) Kang Yi Ki
Non-Independent Executive Director

Kang Yi Ki, a Malaysian female, aged 27, is our Non-Independent Executive Director and was appointed to our Board on 1 August 2023. She has 4 years of experience in the business of manufacturing and trading of sheet metal products. She is responsible for overseeing our Group's human resources division.

She graduated with a Bachelor of Business from La Trobe University Australia in December 2018.

She began her career with our Group in June 2019 as a Business Development Manager where she was responsible for export sales of the racking division. Since then, she underwent rotations through various departments within our Group including purchasing, sales and marketing and production departments, which allowed her to gain exposure and experience in the entire spectrum of our Group's business.

She was later re-designated to Head of Racking Division of YS Global in April 2022 where she was mainly responsible for all sales for the industrial racking systems division. In April 2023, she was re-designated to Senior Vice President and assumed her current responsibilities where she is mainly responsible for overseeing strategic planning, execution and management of human resources.

She does not have any present or past involvements in other companies outside of our Group.

(d) See Swee Sie
Independent Non-Executive Director

See Swee Sie, a Malaysian female, aged 58, is our Independent Non-Executive Director and was appointed to our Board on 1 August 2023. She is the Chairperson of our Nomination Committee as well as a member of our Audit and Risk Committee and Remuneration Committee.

She graduated with an LLB (Hons) degree from the University of London in August 1990. She obtained her Certificate of Legal Practice (CLP) from the Legal Profession Qualifying Board, Malaysia in November 1991. She was admitted as an Advocate & Solicitor of the High Court of Malaya in October 1992.

She joined Messrs Shearn Delamore & Co in November 1991 to undertake her pupillage. In August 1992, she left Messrs Shearn Delamore & Co and joined Messrs Onn Hussein & Yee as an Associate in November 1992. During her tenure there, she practised in the area of banking litigation. In October 1994, she left Messrs Onn Hussein & Yee to join Messrs Chung, Huang & Khalid as an Associate where she was responsible for handling banking litigation files. In December 1995, she left Messrs Chung, Huang & Khalid to join Messrs Eugene Lye & Co in March 1996 as an Associate where she managed both conveyancing and litigation files for the firm. She then left Messrs Eugene Lye & Co in November 1997 to set up her own legal firm, Messrs S S See & Associates (now known as Messrs Anoop & See) where she holds the position of Managing Partner.

She is a certified adjudicator as well as a sports arbitrator empanelled by the Asian International Arbitration Centre. She is also an adjudicator and mediator of the Asian Institute of Alternative Dispute Resolution in which she has been admitted as a pioneer member.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

Currently, she is the President of the Federation of Women Lawyers, Penang. She is the legal adviser of the National Council of Women's Organisations in Penang and International Women's Association, Penang, Malaysia Semiconductor Industry Association and Penang Mental Health Advisory Council (PgCare Society).

She does not have any past involvements in other companies outside our Group. Details of which her present involvements in other companies outside of our Group are set out in Section 5.2.2(c) of this Prospectus.

(e) Teresa Tan Siew Kuan
Independent Non-Executive Director

Teresa Tan Siew Kuan, a Malaysian, aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 1 August 2023. She is the Chairperson of our Remuneration Committee as well as a member of our Audit and Risk Committee and Nomination Committee.

She graduated with a Bachelor of Economics from the University of Adelaide, Australia in April 1992. She is a member of the Certified Practising Accountant ("**CPA**") (Australia) since August 1997 and the Malaysian Institute of Accountants since March 2012.

She started her career in February 1992 at Kassim Chan + Co (now known as Deloitte) as an Audit Assistant where she was mainly responsible for external audit fieldwork for financial statements. In October 1993, she left Kassim Chan + Co and joined Coopers & Lybrand (now known as PricewaterhouseCoopers) as a Tax Assistant where she was tasked with the preparation of tax returns and tax computation. In June 1995, she left Coopers & Lybrand and joined Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) in the same month as an Executive of Corporate Finance where she was responsible for the execution and submission of initial public offerings exercises to the relevant authorities and several fund-raising exercises for public listed companies in the Northern Region of Peninsular Malaysia. She was holding her final post in Malaysian International Merchant Bankers Berhad as an Assistant Vice President of Corporate Finance where she led the corporate advisory team in the Penang branch in various corporate exercises.

In July 2004, she left Malaysian International Merchant Bankers Berhad and joined K&N Kenanga Berhad (now known as Kenanga Investment Bank Berhad) in August 2004 as a Senior Manager of Corporate Finance in the Penang branch where she was mainly involved in providing corporate advisory services to corporate/institutional clients and public listed companies. She left K&N Kenanga Berhad as Senior Manager in August 2007 and took a career break until August 2008.

In August 2008, she joined KDU College Penang (now known as UOW Malaysia KDU Penang University College) as a lecturer and was mainly lecturing in subjects of accounting and auditing. She left KDU College Penang in November 2009 and rejoined K&N Kenanga Berhad in February 2010 as a Senior Manager of the investment banking division where she was responsible for marketing the group's products and services. In March 2014, she was transferred to Kenanga Investors Berhad as the Vice President of Business Development, responsible for marketing and distribution of products and services to the retail market segment and the financial operational and administrative matters of the Penang branch.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

In November 2017, she left Kenanga Investors Berhad and joined TT Vision Holdings Berhad as its Chief Finance Officer where she was responsible for the overall finance and accounts of the group and handling the listing exercise of TT Vision Holdings Berhad on the LEAP Market of Bursa Securities. In September 2019, she left TT Vision Holdings Berhad and she currently provides management and business consultancy services mainly in the Northern Region of Peninsular Malaysia on a freelance basis.

She is currently the Independent Non-Executive Director of PLB Engineering Berhad and IQ Group Holdings Berhad.

She does not have any past involvements in other companies outside our Group. Details of which her present involvements in other companies outside of our Group are set out in Section 5.2.2(d) of this Prospectus.

(f) Lim Chee Hoong
Independent Non-Executive Director

Lim Chee Hoong, a Malaysian, aged 63, is our Independent Non-Executive Director and was appointed to our Board on 1 August 2023. He is the Chairman of our Audit and Risk Committee as well as a member of our Nomination Committee and Remuneration Committee.

He completed his Sijil Pelajaran Malaysia (SPM) with Sekolah Menengah Jenis Kebangsaan Hua Lian at Taiping, Perak in December 1978. In November 1980, he completed his Upper Form VI at Han Chiang High School and obtained his Higher School Certificate after having passed the University of Cambridge Local Examinations Syndicate in collaboration with the University of Malaya.

He has more than 40 years of experience in the field of accounting. He is a member of the Malaysian Association of Certified Public Accountants since January 1993 and a member of the Malaysian Institute of Accountants since June 2001. In January 2007, he obtained his Practising Certificate as a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants. He is also a member of the Malaysian Institute of Taxation since September 2008. In December 2010, he obtained his Practising Certificate as a Chartered Accountant with the Malaysian Institute of Accountants to engage in public practice and provision of regulated services such as audit, taxation and liquidation.

He started his career as an Articled Clerk in May 1981 with Coopers & Lybrand (now known as PricewaterhouseCoopers) where his main roles include assisting in audit engagements and supporting the audit teams. In August 1988, he left Coopers & Lybrand and joined Seal Incorporation Berhad as an Accountant Supervisor in the same month where he was responsible for the preparation of accounting reports to the management. In January 1990, he left Seal Incorporation Berhad and joined Kinta Properties Sdn Bhd as a Senior Accounts Executive in the same month where he assisted with financial tasks and perform routine accounting duties.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

In March 1991, he left Kinta Properties Sdn Bhd and joined Kassim Chan + Co (now known as Deloitte) as an Audit Senior in the same month where he was primarily responsible for the planning of audits, supervision of field teams, review of audit work papers and finalisation of accounts. In June 1993, he left Kassim Chan + Co and joined Syuen Corporation Sdn Bhd in the same month as Group Financial Controller and Group Company Secretary where he was in charge of finance and accounting matters while also handling company secretary matters. In June 1997, he left Syuen Corporation Sdn Bhd and joined Transcyber Management Sdn Bhd in July 1997 as an Accountant where he was responsible for handling finance and accounting matters. He left Transcyber Management Sdn Bhd in May 1998.

In November 1997, he had set up his own audit firm, Messrs Lim Chee Hoong & Company (now known as Messrs CHI-LLTC) which commenced operations in June 1998 where he was responsible for overseeing the audit team for statutory audit services. Messrs CHI-LLTC assumed its present name after admitting several other partners to the firm beginning from January 2001 including Tang Boon Hiap, Lam Foong Kei, Wu Thien Loong and Ong Sheik Yoong. In December 2001, he joined Messrs Lee Teik Swee & Co where he served as one of the partners for overseeing the operation of the audit firm from December 2001 to October 2013. He was also a partner of an audit firm, TNL Partners PLT, from June 2020 to December 2022. He currently also serves as the Executive Director of Lim Tang Tax Services Sdn Bhd, a company providing tax advisory services, in which he is also the sole shareholder.

He is currently the Independent Non-Executive Director of Pelikan International Corporation Berhad, OKA Corporation Bhd and Ritamix Global Limited, a public limited company listed on the Hong Kong Stock Exchange and a Non-Independent Non-Executive Director of PRG Holdings Berhad.

Details of his involvements in other companies outside of our Group are set out in Section 5.2.2(e) of this Prospectus.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

5.2.2 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Dato' Saidi Bin Ismail

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
HK Setia Security Services Sdn Bhd	Provision of security services, security systems services and private security activities	Director	3 July 2023	-	70.0	-

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Prompt Dynamics Logistics Sdn. Bhd.	Transportation services for containers	Director	1 March 2021	3 February 2023	-

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(b) KBH

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
YHTJ (Sabah)	Investment holdings in properties, previously involved in sales and rental of scaffoldings and other steel related products	Director	07 July 2006	-	85.0	-
YHTJ (Sarawak)	Investment holdings in properties, previously involved in buying, selling, renting and operating of self-owned or leased real estate for non-residential buildings	Director	22 May 2009	-	99.0	-
Kang BH Holdings Sdn Bhd	Investment holdings in shares. The company is currently dormant	Director	31 October 2012	-	90.0	-
Visage Global Sdn Bhd	Subcontractor services for construction and trading of construction materials	Director	10 July 2014	-	70.0	-
Visage Industries	Investment holdings in properties, previously involved in provision of design, manufacture, supply and installation of light weight steel roof truss system and metal roofing	Director	26 May 2014	-	100.0	-
YHTJ R&D	Research and development on engineering and technology	Director	24 October 2016	-	100.0	-
Hektar Emas Sdn Bhd	Investment holdings in properties	Director	17 March 2023	-	100.0	-

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
BW Yee Seng (M) Sdn Bhd	Trading and renting in scaffoldings and related products	Director	26 April 2002	(1)-	(1)-
Solid Recycle Sdn Bhd	Dealing with building materials, scaffolding hardware and machinery	Director	25 September 2012	26 June 2023	(2)Shareholder with 40% equity interest
Eco High	Manufacturing and renting of construction material and products, to involve in all kinds of construction works	-	-	-	(3)Shareholder with 44% Indirect equity interest via BWYS Steel
SNT Industries Sdn Bhd	To carry on the business in manufacture of carpentry products and materials for industrial and home improvement, such as lego box kitchens, plywood doors and all kinds of building materials related to same	N/A	N/A	-	(4)Shareholder with 75% equity interest

Notes:

- (1) He has ceased to be the director and shareholder of BW Yee Seng (M) Sdn Bhd with the dissolution of the company on 18 January 2019.
- (2) He has ceased to be a shareholder of Solid Recycle Sdn Bhd on 21 July 2023.
- (3) He has ceased to be an indirect shareholder of Eco High on 8 December 2022.
- (4) He has ceased to be a shareholder of SNT Industries Sdn Bhd on 14 August 2023.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(c) See Swee Sie

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Anoop & See Advocates & Solicitors ⁽¹⁾	Legal Services	Partner ⁽¹⁾	3 January 1998	-	50.0	-

Note:

(1) See Swee Sie set up her legal firm, Messrs S S See & Associate in January 1998, as a sole proprietor. In January 2008, Messrs S S See & Associates was converted to a partnership and underwent a change of name to Messrs Anoop & See and See Swee Sie has held the position of managing partner since then.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(d) Teresa Tan Siew Kuan

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
PLB Engineering Berhad	Investment holding company and provides management services to its subsidiaries which principally involved in construction and property development	Independent Non-Executive Director	5 October 2022	-	-	-
IQ Group Holdings Berhad	Investment holding company and provides management services to its subsidiaries which principally involved in design and manufacture of lighting, security and convenience products	Independent Non-Executive Director	1 March 2023	-	-	-

(e) Lim Chee Hoong

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
CHI-LLTC ⁽¹⁾	Providing audit services	Partner ⁽¹⁾	3 November 1997	-	-	-

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
PRG Holdings Berhad	Investment holding company and provision of management services. The principal activities of the subsidiaries are mainly property development, provision of smart energy solving solution and manufacturing and sale of upholstery and safety webbings.	Non-Independent Non-Executive Director ⁽²⁾	25 May 2023 ⁽²⁾	-	~	~
Lim Tang Tax Services Sdn Bhd	Taxation, accounting and financial consultancy services	Director	1 June 2005	-	100.0	-
Modular Management Services Sdn Bhd	Provision of business advisory and management services	-	-	-	0.1	-
Pelikan International Corporation Berhad	Investment holding company where its subsidiaries is principally involved in manufacturing and sales of inkjet cartridges, toner and stationery products	Independent Non-Executive Director	3 June 2019	-	-	-
Ritamix Global Limited	(i) Distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) Manufacturing of animal feed additives premixes	Independent Non-Executive Director	8 April 2021	-	-	-
OKA Corporation Bhd	Investment holding company where its subsidiaries is principally involved in manufacture and sale of pre-cast concrete products	Independent Non-Executive Director	1 June 2023	-	-	-

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Choo Bee Metal Industries Berhad	Processing of steel coils into steel products, fabrication of steel products and trading of hardware products	Independent Non-Executive Director	1 July 2011	31 May 2023	-
TNL Partners PLT ⁽³⁾	Providing audit services	Partner	22 June 2020	20 December 2022	-

Notes:

~ Represents amount less than 0.1%.

- (1) Lim Chee Hoong incorporated Messrs Lim Chee Hong & Company in November 1997. After forming a partnership, Messrs Lim Chee Hoong & Company underwent a name change to Messrs CHI-LLTC and he has held the position of partner since November 1997.
- (2) Lim Chee Hoong was appointed as the Independent Non-Executive Director of PRG Holdings Berhad on 21 July 2003 and he was later designated to the position of Non-Independent Non-Executive Director on 25 May 2023.
- (3) Lim Chee Hoong incorporated TNL Partners PLT on 22 June 2020 together with two other partners, namely Tang Boon Hiap and Ng Leong Teck. He subsequently withdrew from the partnership on 20 December 2022.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

As at LPD, the directorships of our Directors in other listed companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvements of our Directors in those business activities outside our Group do not give rise to any conflict of interest situation with our business activities, after taking into consideration the following factors:

- (a) the involvement of our Independent Non-Executive Directors will not affect their contributions to our Group as they only attend board meetings to provide oversight and check-and-balance to our Group's affairs. Their roles are to ensure that our Group has the proper corporate governance in conducting our business activities from time to time; and
- (b) the involvement of our Executive Director in those business activities do not require significant amount of their management time as they are not involved in the management and day-to-day operations of these business, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

Based on the above considerations, our Board is of the view that the involvements of the Directors in other companies do not affect their abilities to perform their executive roles and responsibilities to our Group. Our Executive Directors spend most of their time in the operations and affairs of our Group. As such, their involvements in other businesses and operations outside of our Group are not expected to have any effect on their contribution to our Group.

5.2.3 Board practice**(A) Board**

Our Board members are from diversified backgrounds in terms of age and expertise. They have professional experience ranging from corporate, accounting and consulting as well as industry experience. Our Board is of the opinion that at present there is adequate diversity in skills, experience, age, cultural background and gender in its composition.

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) Our Board shall assume ultimate accountability and responsibility for the performance and affairs of our Group. Our Board is collectively responsible for meeting the objectives and goals of our Group and shall in so doing effectively represent and promote the legitimate interests of our Group and its shareholders. Our Board, at all times, shall retain full and effective control over our Group and shall direct and supervise the business and affairs of our Group.
- (b) Our Board shall ensure that management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks. Our Board shall work with management as collaborators in advancing the interests of our Group.
- (c) Our Board has delegated certain responsibilities to committees which operate in accordance with the Board Charter and delegated the day-to-day management of our Group's business to our Executive Directors and the key senior management, subject to an agreed authority limit.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

- (d) The principal roles and responsibilities of our Board are:
- (i) ensure that all its directors are able to understand financial statements and form a view on the information presented;
 - (ii) together with key senior management, promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
 - (iii) set the strategic plan including setting performance objectives and approving operating budgets for our Group and ensuring that the strategies promote sustainability within the aspects of environment, social and economy and necessary resources are in place for our Group to meet its objectives. Our Board is also responsible for monitoring the implementation of the strategic plan by the key senior management;
 - (iv) overseeing the conduct of our Group's business and build sustainable value for our shareholders by monitoring financial performance against approved budget, determine dividend policy and the amount, nature and timing of dividends to be paid and also to conduct a review of our Group's funding requirements on a continuing basis, including significant treasury matters, approval of financing arrangements, or payment authority and other signatories;
 - (v) identifying principal risks on a continuous basis and ensuring the implementation of appropriate internal controls and mitigation measures such as to establish an internal audit function which reports directly to the Audit and Risk Management Committee, oversight of the Audit and Risk Management Committee's evaluation of auditor's performance and independence, and reviews relevant arrangements brought forth by the Audit and Risk Management Committee;
 - (vi) overseeing the development and implementation of a corporate disclosure policy (including an investor relations program or shareholder communications policy) for our Group;
 - (vii) succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Executive Directors and the key senior management and overseeing our Group's human capital development process, monitor and compensate against pre-determined evaluation criteria;
 - (viii) reviewing the adequacy and the integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines to ensure an effective framework for internal controls and risk management;
 - (ix) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
 - (x) ensuring that our Group's financial statements are true and fair and conform with the accounting standards;
 - (xi) monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations;
 - (xii) ensuring that our Group adheres to high standards of ethics and corporate behaviour;

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

- (xiii) periodically review an anti-bribery and anti-corruption compliance programme which includes clear policies and objectives that adequately addresses corruption risk; and
 - (xiv) approve the Whistleblowing Policy and Procedures to encourage reporting of any legitimate concerns over any wrongdoing in our Group.
- (e) In overseeing the conduct of our Group's business, our Board shall ensure that an appropriate financial planning, operating and reporting framework as well as risk management framework is established. Elements under this combined framework include the business plan, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Save for KBH who was appointed on 4 January 2023, all our other Directors were only appointed to our Board on 1 August 2023 and have served for less than one year on our Board as at LPD. All our Directors will retire and be eligible for re-election at our forthcoming first annual general meeting. The members of our Board are set out in Section 5.2.1 of this Prospectus.

(B) Audit and Risk Management Committee

The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Lim Chee Hoong	Chairman	Independent Non-Executive Director
See Swee Sie	Member	Independent Non-Executive Director
Teresa Tan Siew Kuan	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities on financial reporting and risk management. Our Audit and Risk Management Committee has full access to all information and documents/resources as well as to the internal and external auditors as well as our key senior management team.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) review our Group's quarterly results and year-end financial statements before submission to the Board;
- (b) review with the external auditors and report to the Board on the audit plan, audit report and evaluation on internal controls and co-ordination of the external auditors;
- (c) review with the internal auditors and report to the Board on the internal audit process including the internal audit plan, the adequacy and effectiveness of the internal audit function and the implementation of the recommendations of the internal audit function;

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

- (d) review any related party transactions and conflict of interest situations that may arise and make recommendation to Board that such transactions are at arm's length and in the best interest of our Group including any transaction, procedure or course of conduct that raises question of management integrity; and
- (e) establish, maintain and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks.

External Auditors

- (a) nominate and recommend the appointment of external auditors, to consider the adequacy of experience, resources and audit fees of the external auditors;
- (b) to review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- (c) to discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- (d) to review major audit findings arising from the interim and final external audits, the audit report and the assistance given by our Group's officers to the external auditors;
- (e) to review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- (f) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (g) assess the suitability, objectivity and independence of the external auditor on an annual basis based on established policies and procedures, and the annual performance evaluation of the external auditor undertaken by the Audit and Risk Management Committee.

Internal Auditors

- (a) review the adequacy of scope, functions and resources of the internal auditors (that was engaged to undertake the internal audit function), and that it has the necessary authority to carry out its work;
- (b) review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (c) review the major findings of internal audit investigations and ensure that appropriate actions are taken on the recommendations of the internal audit function; and
- (d) review and approve any appointment, termination or resignation of the internal auditors.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

Risk Management

- (a) to review the adequacy of Group's risk management framework and assess the resources and knowledge of the management and employees involved in the risk management process;
- (b) to review the effectiveness of internal control systems deployed by the management to address those risks;
- (c) to review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (d) to review and further monitor principal risks that may affect our Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (e) to communicate and monitor the risk assessment results to the Board; and
- (f) to highlight actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting our Group.

Conflict of Interest and Related Party Transactions

- (a) to review any related party transactions including recurrent related party transactions or conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to our Board; and
- (b) to establish policies and procedures to manage potential conflict of interest situations including potential conflict of interest between any director and our Company as well as between our Company and its subsidiaries.

Others

- (a) to maintain and keep under review the whistle-blowing mechanism of our Group which shall be in accordance with the Whistle-blowing Policy, which aims to provide protection and confidentiality;
- (b) to discuss and review the major findings of any internal investigations and the management's response;
- (c) to perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities;
- (d) where the Audit and Risk Management Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit and Risk Management Committee must promptly report such matter to Bursa Securities; and
- (e) if applicable, to review the allocation of options during the year if any, under any of our Company's employee share issuance scheme to ensure that this was in compliance with the allocation criteria determined by the scheme committee set up for that purpose and in accordance with any related by-laws.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(C) Nomination Committee

The members of our Nomination Committee as at the LPD are as follows:

Name	Designation	Directorship
See Swee Sie	Chairperson	Independent Non-Executive Director
Teresa Tan Siew Kuan	Member	Independent Non-Executive Director
Lim Chee Hoong	Member	Independent Non-Executive Director

The key duties and responsibilities of our Nomination Committee include the following:

- (a) identify, consider and recommend to our Board suitable candidates for appointment as Directors. Our Nomination Committee shall not solely rely on recommendations from our existing Board members, management or substantial shareholders, but will also utilise independent sources to identify suitably qualified candidates;
- (b) develop and implement the fit and proper policy for the appointment and re-election of Directors of our Group that addresses the board quality and integrity;
- (c) review and recommend to our Board the re-election of Directors who retired by rotation pursuant to our Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act, subject to the conduct of the fit and proper assessment;
- (d) recommend to our Board, Directors to fill the vacancies on Board committees and recommend to our Board in respect of Directors' independence and conflicts of interests, if any, the steps to be taken to manage potential conflicts of interest;
- (e) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors, of which there should be a formal, rigorous and transparent process for the appointment of directors (including re-appointments) and key senior management;
- (f) establish a policy on Board composition having regard to the mix of skills, independence, experience, age, cultural background and diversity (including gender diversity) required to meet the needs of our Group;
- (g) assess annually the effectiveness of our Board as a whole, the committees of our Board and the contribution of each individual Director including his time commitment, character, experience and integrity;
- (h) consider the size and balance of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;
- (i) recommend to our Board on our Group's gender diversity policies, targets and discuss measures to be taken to meet those targets while ensuring the Board comprises sufficient women directors as recommended by the latest Malaysian Code on Corporate Governance and to review the participation of women in key senior management to ensure there is healthy talent pipeline;
- (j) recommend to Board, protocol for accepting new directorships; and
- (k) review and recommend the extension of contracts of the Executive Directors, key senior management and any other person our Board so determines.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(D) Remuneration Committee

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Teresa Tan Siew Kuan	Chairperson	Independent Non-Executive Director
See Swee Sie	Member	Independent Non-Executive Director
Lim Chee Hoong	Member	Independent Non-Executive Director

The key duties and responsibilities of our Remuneration Committee include the following:

- (a) review our Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and key senior management, and recommend to our Board for approval;
- (b) recommend to our Board the remuneration of executive Directors, non-executive Directors and key senior management in all its forms and to review our Group's remuneration policies and procedures which should be disclosed in the annual report;
- (c) determine a fair remuneration of Executive Directors and key senior management to attract, retain and motivate Executive Directors and key senior management and in doing so, the Remuneration Committee shall set performance measures for incentive plans which should be aligned with the business strategy and long-term objectives of our Group, complexity of our Group's activities, and reflects the experience and level of responsibilities;
- (d) ensure fees and benefits payable to the Directors, and any compensation for loss of employment of Executive Directors are approved by the shareholders at general meetings; and
- (e) review and recommend to our Board, the remuneration packages of Non-Executive Directors for shareholders' approval at our general meeting in accordance with the Act and ensure that remuneration and incentives for Non-Executive Directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed.

5.2.4 Existing or proposed service agreements

As at the LPD, there are no existing or proposed service agreements entered into between the companies within our Group with our Directors.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

5.2.5 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO, assuming that our Directors (except for KBH) will fully subscribe for their respective entitlements under the Pink Form Allocations, are set out below:

Names	Designation / Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Saidi bin Ismail	Independent Non-Executive Chairman / Malaysian	-	-	-	-	300,000	~	-	-
KBH	Non-Independent Executive Director / Managing Director / Malaysian	768,910,000	100.0	-	-	668,910,000	65.2	-	-
Kang Yi Ki	Non-Independent Executive Director / Malaysian	-	-	-	-	1,000,000	~	-	-
See Swee Sie	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	~	-	-
Teresa Tan Siew Kuan	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	~	-	-
Lim Chee Hoong	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	~	-	-

Notes:

~ less than 0.1%.

(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.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Profiles of key senior management

(a) Lau Ken Wah
Chief Operating Officer

Lau Ken Wah, a Malaysian, aged 47, is the Chief Operating Officer of our Group. He is responsible for overseeing our Group's day-to-day operations and sales including managing all production activities, manufacturing processes and allocation of resources within our Group and ensuring our Group meets production targets efficiently and effectively.

He graduated with a Bachelor's degree in Commerce majoring in Accounting and Information Systems from the Curtin University of Technology, Australia in December 2000.

Prior to passing his final paper for Bachelor's degree in Commerce majoring in Accounting and Information Systems, he began his career in July 1999 as a project coordinator at Applied Computers Sdn Bhd where he was responsible for technical and support for projects. He was then promoted to Account Manager in July 2000 where he was responsible for client relationship management. He left Applied Computers Sdn Bhd in February 2001.

In February 2001, he co-founded Te-Base Technology Sdn Bhd where he was responsible for overseeing the day-to-day operations, managing sales and marketing activities, and spearheading the development and implementation of effective marketing strategies. In January 2007, as part of a merger exercise, some projects and the development team under Te-Base Technology Sdn Bhd were transferred to Spartan System Solution Sdn Bhd pursuant to which he assumed the role of Principal Consultant at Spartan System Solution Sdn Bhd. During this period, he was responsible for executing and managing key project operations of Spartan System Solution Sdn Bhd while also overseeing the operations of Te-Base Technology Sdn Bhd. In February 2008, he left Spartan System Solution Sdn Bhd.

He joined Smartag Solution Sdn Bhd (now known as SMTrack Berhad) in March 2008 as Sales and Marketing Director where he was mainly responsible for the sales revenue and budget forecast, as well as the development and execution of the marketing strategies. He left Smartag Solution Sdn Bhd as Chief Marketing Officer in August 2010. Thereafter, he managed a children creative development centre operated by Synoray Ventures Sdn Bhd from November 2006 when he became a director and shareholder until the dissolution of Synoray Ventures Sdn Bhd in May 2016. He joined EP-TEC Solutions Sdn Bhd as a Business Development Manager in December 2011. His role included leading the development and implementation of marketing programs and strategising sales activities. He left EP-TEC Solutions Sdn Bhd in July 2016.

In July 2016, he joined NEC Corporation of Malaysia Sdn Bhd as a Senior Account Manager, where he was responsible for managing and developing the company's key accounts in the retail vertical segment, overseeing profit and loss for all accounts and creating and developing new business strategies for existing and new key enterprise accounts. He was subsequently promoted as Account Director in July 2017.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

He left NEC Corporation of Malaysia Sdn Bhd and joined Xangars Solutions Sdn Bhd in May 2018 as the Director of Sales and Operations. He was responsible for leading and managing the day-to-day operations of the company, as well as developing and implementing the operational procedures, business strategies and sales strategies of the company. He left Xangars Solutions Sdn Bhd in July 2019 and took a career break.

In February 2020, he joined ENClip Solution Sdn Bhd as the Sales Director where he was responsible for overseeing and managing sales and marketing activities. During his time at ENClip Solution Sdn Bhd, he also co-founded 3Logic Technologies Sdn Bhd in November 2021, a company established to complement and support ENClip Solution Sdn Bhd's operations, in providing the software solutions and products. At 3Logic Technologies Sdn Bhd, he served as a director where he was responsible for overseeing the day-to-day operations and executing telecommunication and cloud software solutions. He left ENClip Solution Sdn Bhd in January 2022 and also resigned as a director of 3Logic Technologies Sdn Bhd in June 2022.

In January 2022, he joined our Group as Senior Vice President (Group Operations) and was subsequently reassigned as our Chief Operating Officer in March 2023 where he assumed his current responsibilities.

Details of his involvements in other companies outside of our Group are set out in Section 5.3.2(a) of this Prospectus.

(b) Sim Kay Wah
Chief Financial Officer

Sim Kay Wah, a Malaysian, aged 47, is the Chief Financial Officer of our Group. He is responsible for overseeing our Group's overall accounting and financial matters including financial reporting and planning, corporate finance, taxation, treasury management and internal audit.

He graduated with a Bachelor degree in Accountancy from Royal Melbourne Institute of Technology, Australia ("**RMIT**") in November 1999. He obtained his certificate for CPA from CPA Australia and became a member of CPA in April 2003. He was subsequently admitted as a Fellow of CPA Australia in August 2022. He is also a member of the Malaysian Institute of Accountants since May 2003. Thereafter, he obtained his Master degree in Finance from RMIT in April 2004. He obtained his qualification as a Chartered Management Accountant from the Chartered Institute of Management Accountants in January 2017.

Prior to graduating from RMIT, he began his career as a consultant specialising in auditing and corporate finance at Hanifah Teo & Associate in October 1999 and was later transferred to BDO Capital Consultants Sdn Bhd in May 2000. He left BDO Capital Consultants Sdn Bhd in June 2001. He then joined Deloitte KassimChan (now known as Deloitte Malaysia) as a consultant in corporate restructuring, corporate finance and auditing from July 2001 to May 2003. Thereafter, he joined Naza Motor Trading Sdn Bhd as an Assistant Manager in Corporate Finance Department from May 2003 to June 2004 where he was responsible for group accounts reporting.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

He left Naza Motor Trading Sdn Bhd and joined PM Securities Berhad as an Assistant Manager in September 2004, where he led a team of corporate finance professionals in serving clients in the area of equity financing, restructuring, and advisory. He left PM Securities Berhad to join Limahsoon Berhad as its Financial Controller in May 2007, where he was responsible for the financial infrastructure support including financial systems, procedures, human capital, and accounting policies, as well as the development of business strategies and financial models.

He left Limahsoon Berhad to join Smartag Solutions Berhad as Chief Financial Officer in November 2009, where he was involved in the listing of Smartag Solutions Berhad on the Bulletin Board of the United States. He left Smartag Solutions Berhad to join RCG Matrix Sdn Bhd as a Financial Controller in September 2010. He was appointed as the Deputy Chief Financial Officer of RCG Holdings Limited in December 2010 and was promoted to Chief Financial Officer of China eWallet Payment Group Limited (formerly known as RCG Holdings Limited) in March 2014. He was responsible for the corporate finance, corporate strategies and planning, accounting and finance, and investor relations division of China eWallet Payment Group Limited. In January 2022, he left China eWallet Payment Group Limited and joined our Group as Senior Vice President (Group Finance) and was subsequently redesignated as Chief Financial Officer where he assumed his current responsibilities.

Since November 2015, he serves as an Independent Non-Executive Director of Bahvest Resources Berhad as well as its Audit Committee Chairman.

Details of his involvements in other companies outside of our Group are set out in Section 5.3.2(b) of this Prospectus.

(c) Larry Lim Eng Sooi
Head of Corporate Governance, Affairs and Compliance

Larry Lim Eng Sooi, a Malaysian, aged 59, is the Head of Corporate Governance, Affairs and Compliance of our Group. He is responsible for corporate affairs, administering and overseeing our Group's corporate governance policies and procedures as well as internal control systems.

He completed his secondary education at St. Xavier's Institution, Penang in December 1981. In May 1982, he joined Kah Motor Company Sdn Bhd as a wages clerk at Permatang Pauh, Butterworth. He joined Public Finance Berhad as a clerk (now known as Public Bank Berhad) in September 1983 and was subsequently promoted to Officer Trainee in October 1991 where he was responsible for frontline products such as savings accounts, fixed deposit accounts, automated teller machine cash replenishment and hire purchase collections. In October 1992, he was promoted to Operations Officer in the hire purchase collections and recovery department. In August 1995, he was further promoted to Senior Operations Officer in the hire purchase collections and recovery department. Thereafter, he became the Head of the Credit Administration Centre, Seberang Jaya in November 1999 where he was in charge of the hire purchase collections and recovery department.

In September 2004, he was transferred to the Hire Purchase Credit Control department in Public Bank Berhad's Credit Administration Centre in Butterworth retaining his designation. In October 2008, he was promoted to Head of the Credit Administration Centre.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

In March 2011, he left Public Bank Berhad to join our Group as the Senior Vice President (Sales) where he was responsible for all sales and marketing activities. In March 2014, he was also appointed as the Occupational Safety and Health Committee Chairperson where he was responsible for overseeing the safety and health performance of BWYS Steel and the same for YS Success in September 2015. In July 2014, he was redesignated to Senior Vice President (Head, Credit Administration and Compliance) where he was responsible for all credit administration, credit risk management and upkeeping our Group's Standard of Conduct compliance.

In January 2017, he was appointed as our Senior Vice President, Plant Operations and Credit Administration in which his roles include overseeing the production, maintenance, quality control, quality management systems, warehouse, logistics, safety and health, as well as formulating credit administration and compliance policies. In June 2019, he was appointed as our Senior Vice President overseeing the entire operations and profitability of business activities including scaffoldings and metal roofing as well as specific areas of the plant operations. He was subsequently redesignated as our Corporate Governance, Affairs and Compliance in March 2023 where he assumed his current responsibilities.

He does not have any present involvements in other companies outside our Group. Details of which his past involvements in other companies outside of our Group are set out in Section 5.3.2(c) of this Prospectus.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT *(cont'd)*

5.3.2 Principal business performed outside our Group

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Lau Ken Wah

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Te-Base Technology Sdn Bhd	Dormant with no intended activities	Director	10 February 2001	-	60.0	-

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
3logic Technologies Sdn Bhd	General trading	Director	26 November 2021	28 June 2022	⁽¹⁾ Shareholder with 40% equity interest

Note:

(1) He had ceased to be a shareholder of 3logic Technologies Sdn Bhd on 21 July 2022.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

(b) Sim Kay Wah

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Bahvest Resources Berhad	Investment holding company which its subsidiaries are principally involved in gold mining activities	Independent Non-Executive Director	20 November 2015	-	-	-

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Tag Station MSC Sdn Bhd	Provision of IT and IT-related products	Director	1 August 2011	(1)-	(1)-
RCG (Malaysia) Sdn Bhd	Investment holding in shares. The subsidiaries are principally involved in provision of IT and IT-related products, trading and distribution of computer technology products	Director	1 August 2011	(2)-	(2)-
RCG Matrix Sdn Bhd	Trading and distribution of computer technology products	Director	1 August 2011	1 October 2021	-
RCG Land Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate	Director	1 August 2011	1 October 2021	-

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
TT Life Holdings (M) Berhad	Activities of holding companies, export and import of a variety of goods without any particular specialisation, buying, selling, renting and operating of self-owned or leased real estate	Director	25 September 2020	28 February 2022	-

Notes:

- (1) He had ceased to be the director of Tag Station MSC Sdn Bhd with the dissolution of the company on 24 January 2022.
- (2) He had ceased to be the director of RCG (Malaysia) Sdn Bhd with the dissolution of the company on 23 March 2022.

(c) Larry Lim Eng Sooi

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Eco High	Manufacturing and renting of construction material and products; to involve in all kinds of construction works	Director	31 July 2017	19 January 2022	⁽¹⁾ Shareholder with 3% equity interest

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
SNT Industries Sdn Bhd	To carry on the business in manufacture of carpentry products and materials for industrial and home improvement, such as lego box kitchens, plywood doors and all kinds of building materials related to same	Director	31 October 2013	14 August 2023	⁽²⁾ Shareholder with 15% equity interest

Notes:

- (1) He had ceased to be a shareholder of Eco High on 8 December 2022.
- (2) He had ceased to be a shareholder of SNT Industries Sdn Bhd on 14 August 2023.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT *(cont'd)*

5.3.3 Existing or proposed service agreements

As at the LPD, save for the service agreements of Lau Ken Wah and Sim Kay Wah as disclosed below, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group with our key senior management.

- (a) The salient terms of the service contract of Lau Ken Wah dated 14 December 2023 as our Chief Operating Officer are as follows:
- (i) The duration of the service contract shall commence on 14 December 2023 and shall terminate on 13 December 2026;
 - (ii) The service contract may be terminated by either party giving to their 3 months' notice in writing or 3 months' salary in lieu of such notice.
- (b) The salient terms of the service contract of Sim Kay Wah dated 14 December 2023 as our Chief Financial Officer are as follows:
- (i) The duration of the service contract shall commence on 14 December 2023 and shall terminate on 13 December 2026;
 - (ii) The service contract may be terminated by either party giving to their 3 months' notice in writing or 3 months' salary in lieu of such notice.

5.3.4 Key senior management's shareholdings

The shareholdings of our key senior management in our Company before and after our IPO are set out below:

Names / Designation / Nationality	Before IPO				After IPO ⁽¹⁾⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lau Ken Wah / Chief Operating Officer / Malaysian	-	-	-	-	2,000,000	0.2	-	-
Sim Kay Wah / Chief Financial Officer / Malaysian	-	-	-	-	2,000,000	0.2	-	-
Larry Lim Eng Sooi / Head of Corporate Governance, Affairs and Compliance / Malaysian	-	-	-	-	2,000,000	0.2	-	-

Notes:

- (1) Based on the enlarged share capital of 1,025,213,000 Shares after our IPO.
- (2) Assuming our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

5.4 RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoter, substantial shareholder, Directors and key senior management as at the LPD:

- (a) KBH, our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, is the father of Kang Yi Ki, our Non-Independent Executive Director.

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5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

5.5 REMUNERATION AND BENEFITS

5.5.1 Directors

The aggregate remuneration and benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2021, FYE 2022 and FYE 2023 are as follows:

FYE 2021 Director	Directors fees RM'000	Salaries RM'000	Bonuses RM'000	(1)Statutory contributions RM'000	Benefits -in-kind RM'000	Total RM'000
KBH	-	794	212	128	-	1,133
Kang Yi Ki	-	61	18	14	-	94

FYE 2022 Director	Directors fees RM'000	Salaries RM'000	Bonuses RM'000	(1)Statutory contributions RM'000	Benefits -in-kind RM'000	Total RM'000
KBH	-	862	159	165	-	1,185
Kang Yi Ki	-	64	12	14	-	90

FYE 2023 Director	Directors fees RM'000	Salaries RM'000	Bonuses RM'000	(1)Statutory contributions RM'000	Benefits -in-kind RM'000	Total RM'000
Dato' Saidi bin Ismail	(2)-	-	-	-	-	(2)-
KBH	-	862	(3)-	142	-	1,004
Kang Yi Ki	-	120	(3)-	15	-	135
See Swee Sie	(2)-	-	-	-	-	(2)-
Teresa Tan Siew Kuan	(2)-	-	-	-	-	(2)-
Lim Chee Hoong	(2)-	-	-	-	-	(2)-

Notes:

- (1) Including contributions to Employee Provident Fund, SOSCO and Employment Insurance System.
- (2) Dato' Saidi bin Ismail, See Swee Sie, Teresa Tan Siew Kuan and Lim Chee Hoong were appointed to our Board on 1 August 2023. These Independent Non-Executive Directors are not entitled to any fees until after our Listing. Their monthly fees are as follows:

Directors	RM
Dato' Saidi bin Ismail	6,000
See Swee Sie	4,000
Teresa Tan Siew Kuan	4,000
Lim Chee Hoong	4,000

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

- (3) The final bonuses for FYE 2023 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

The remuneration for our Directors must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders through an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 14.4.1 of this Prospectus for further details.

5.5.2 Key senior management

The aggregate remuneration and benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for the FYE 2021, FYE 2022 and FYE 2023 are as follows:

FYE 2021	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lau Ken Wah	(1)N/A	(1)N/A	(1)N/A
Sim Kay Wah	(1)N/A	(1)N/A	(1)N/A
Larry Lim Eng Sooi	300 – 350	0 – 50	300 – 350

FYE 2022	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lau Ken Wah	300 – 350	0 – 50	300 – 350
Sim Kay Wah	300 – 350	0 – 50	300 – 350
Larry Lim Eng Sooi	300 – 350	0 – 50	350 – 400

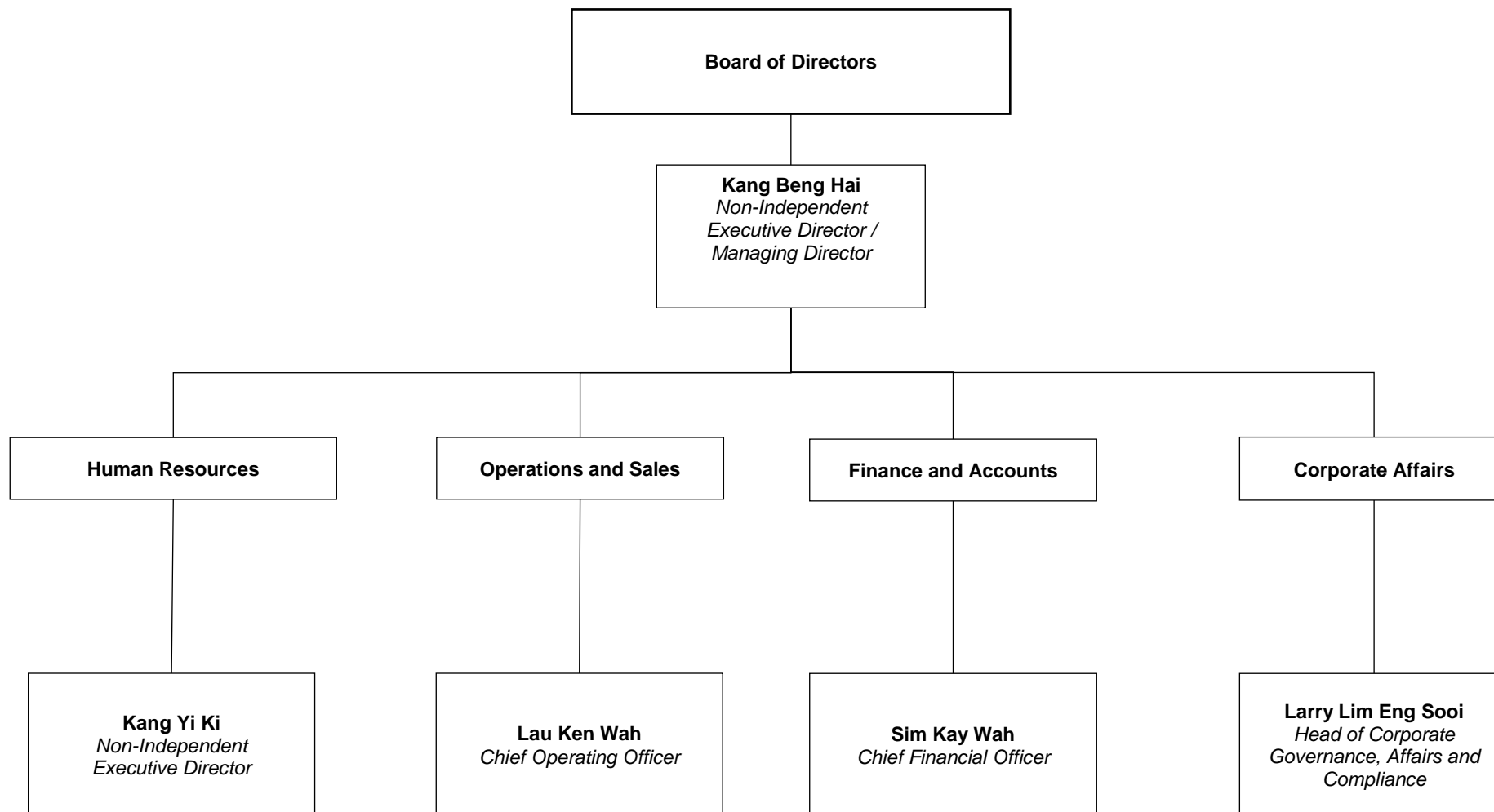
Proposed for FYE 2023	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lau Ken Wah	350 – 400	0 – 50	350 – 400
Sim Kay Wah	350 – 400	0 – 50	350 – 400
Larry Lim Eng Sooi	350 – 400	0 – 50	350 – 400

Note:

- (1) Joined our Group during FYE 2022.

5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (cont'd)

5.6 MANAGEMENT REPORTING STRUCTURE



5. INFORMATION ON PROMOTER, DIRECTORS, SUBSTANTIAL SHAREHOLDER AND KEY SENIOR MANAGEMENT (*cont'd*)

5.7 DECLARATION FROM PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoter, Directors and key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) being the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) have any unsatisfied judgment against him/her.

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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.

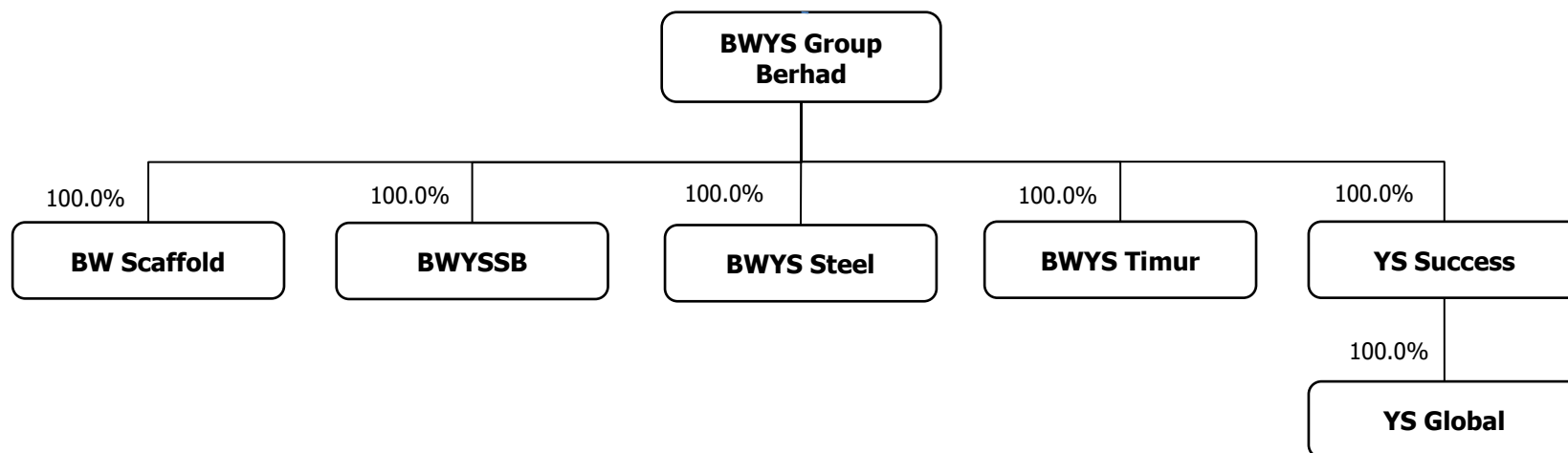
The Acquisitions are conditional upon obtaining the approval of Bursa Securities for the Listing, which was obtained on [●]. Thereafter, BW Scaffold, BWYSSB, BWYS Steel, BWYS Timur and YS Success will become our wholly-owned subsidiaries.

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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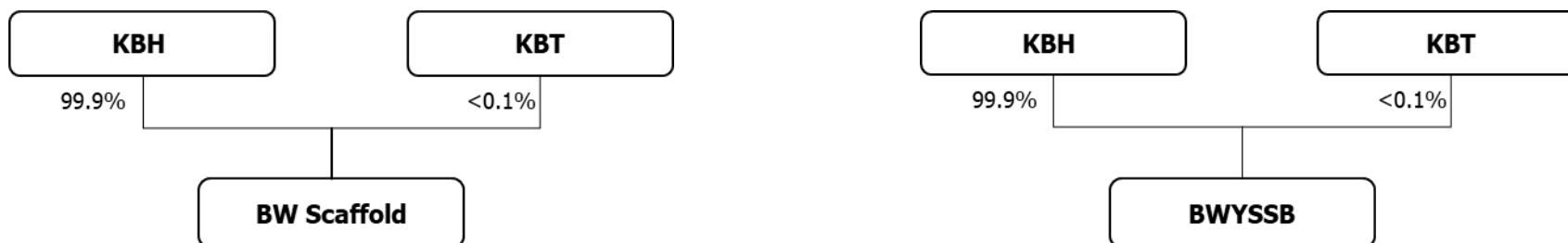
6. INFORMATION ON OUR GROUP (cont'd)

6.1.4 Group structure

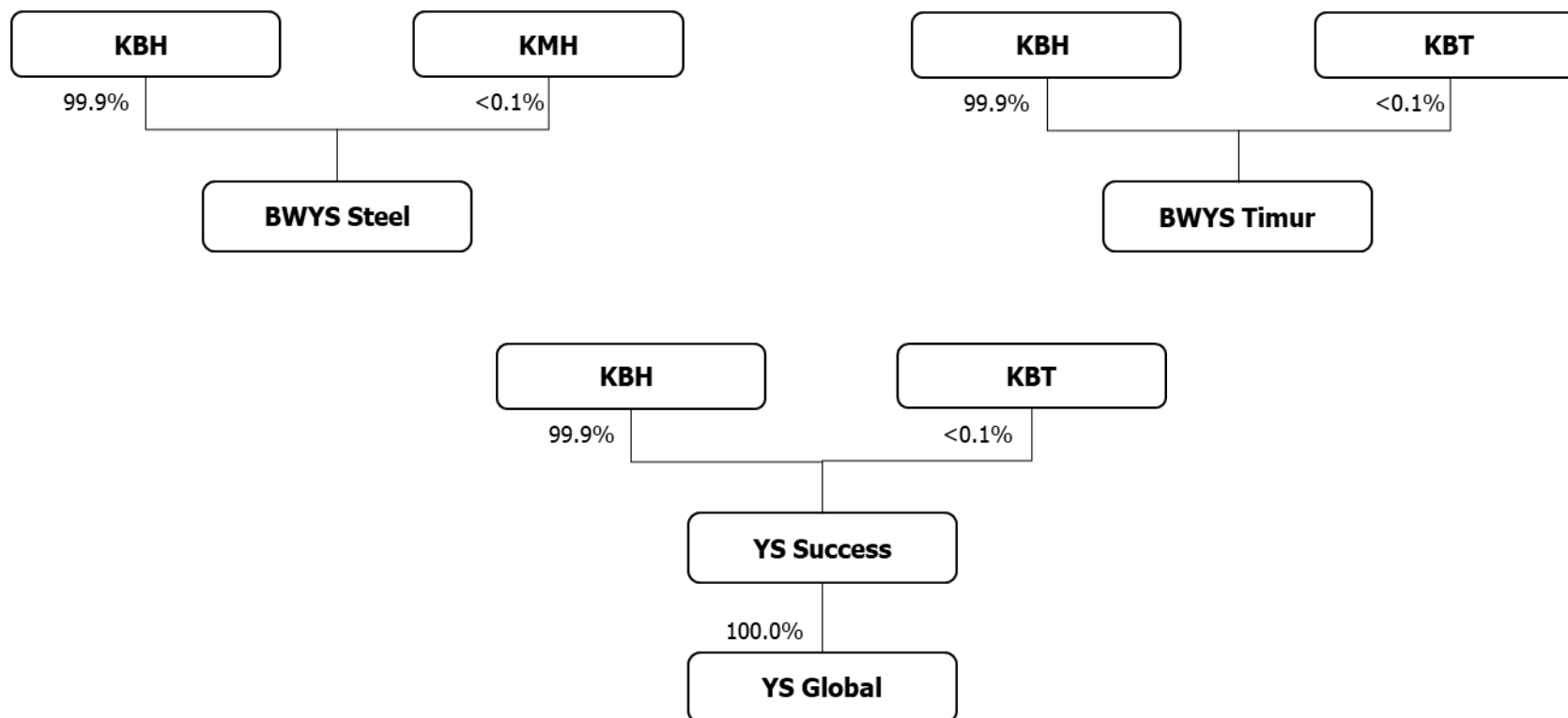


Our Group structure before and after the Acquisitions and IPO is as follows:

(a) Before the Acquisitions and IPO

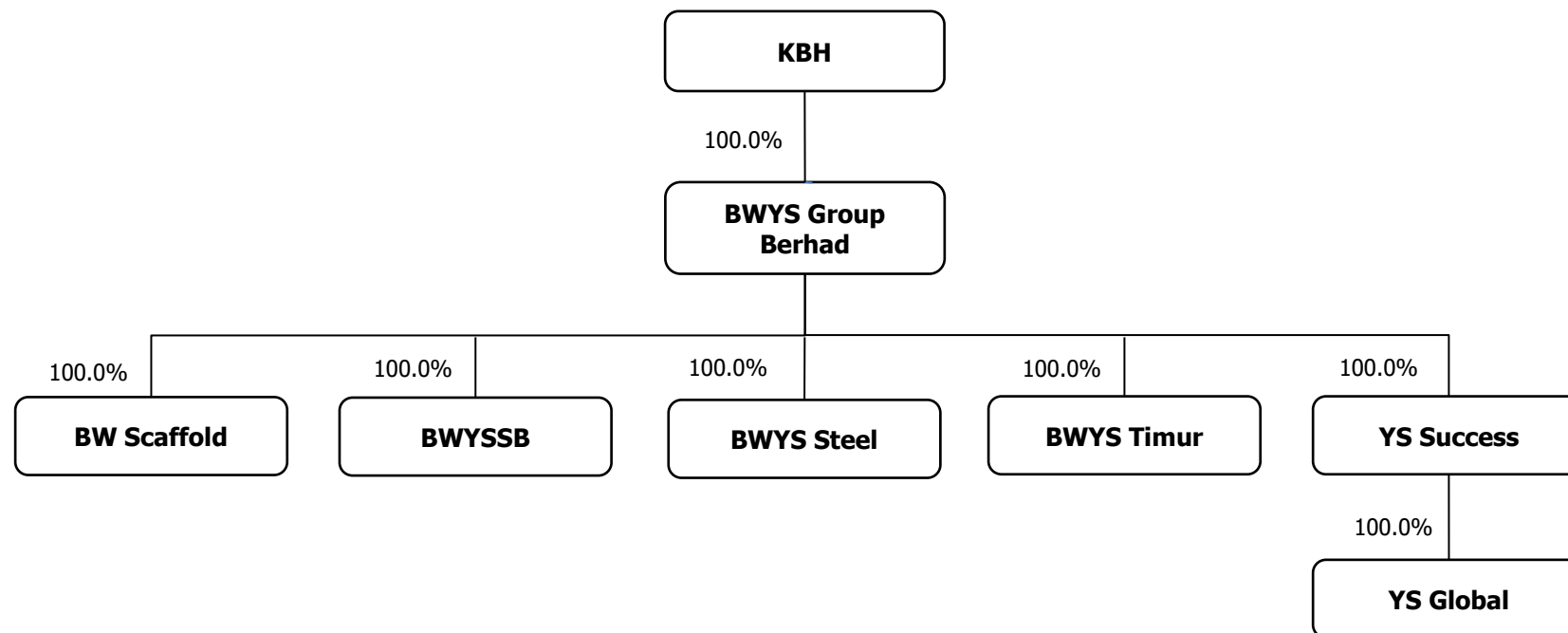


6. INFORMATION ON OUR GROUP (cont'd)



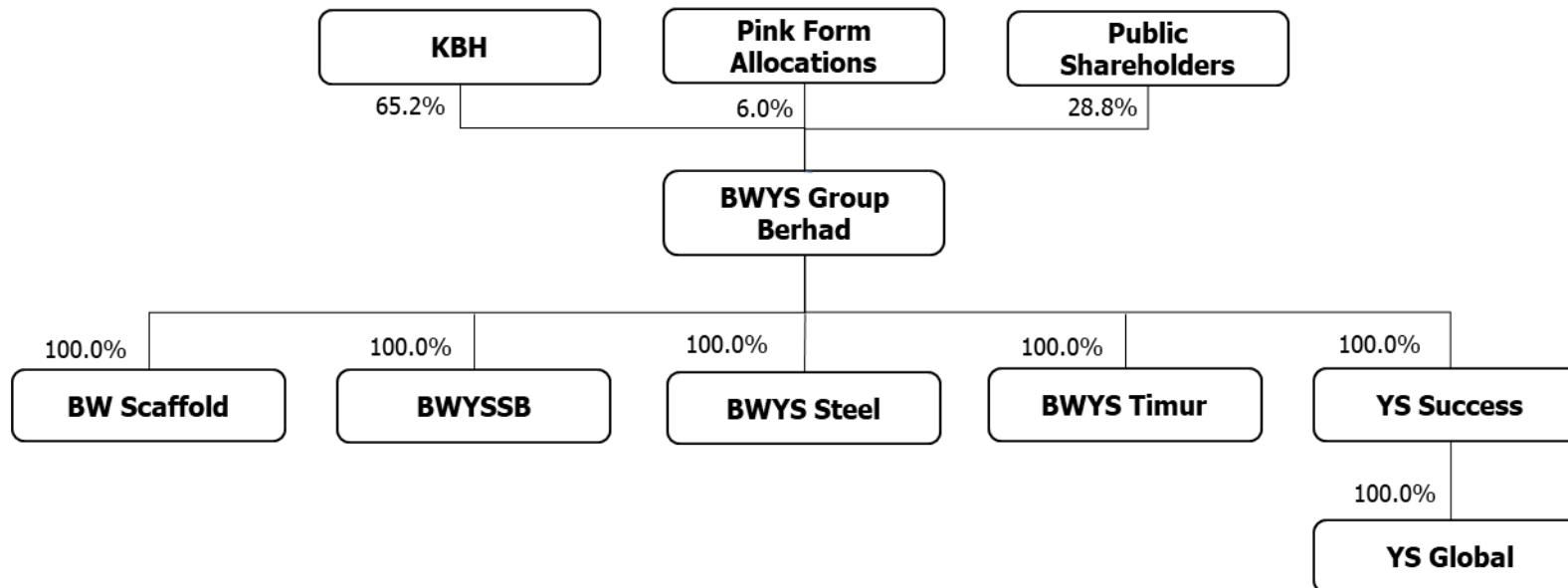
6. INFORMATION ON OUR GROUP (cont'd)

(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.

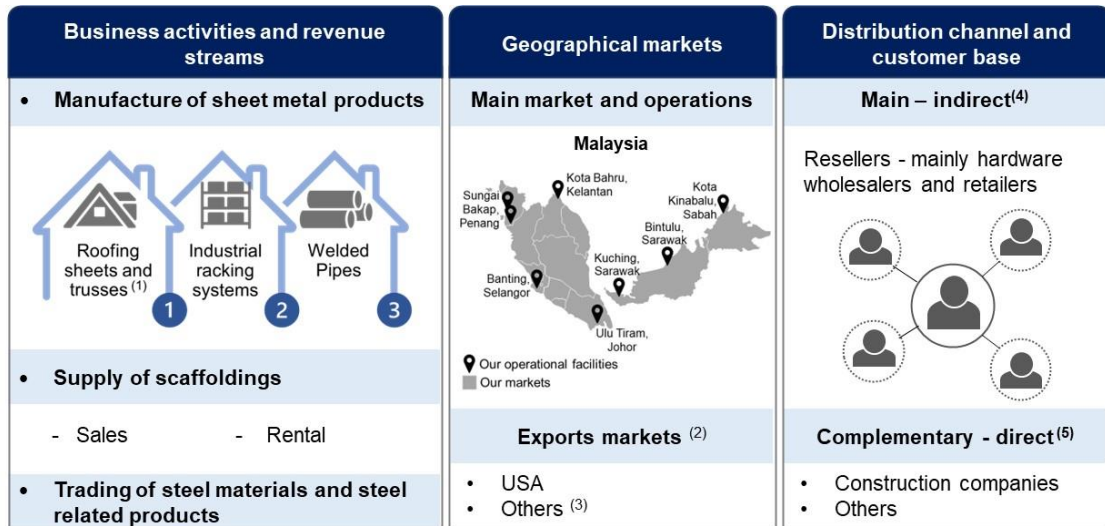
6. INFORMATION ON OUR GROUP (cont'd)

6.5 BUSINESS OVERVIEW

6.5.1 Description of our business

6.5.1.1 Our business model

Our business model is as follows:



Notes:

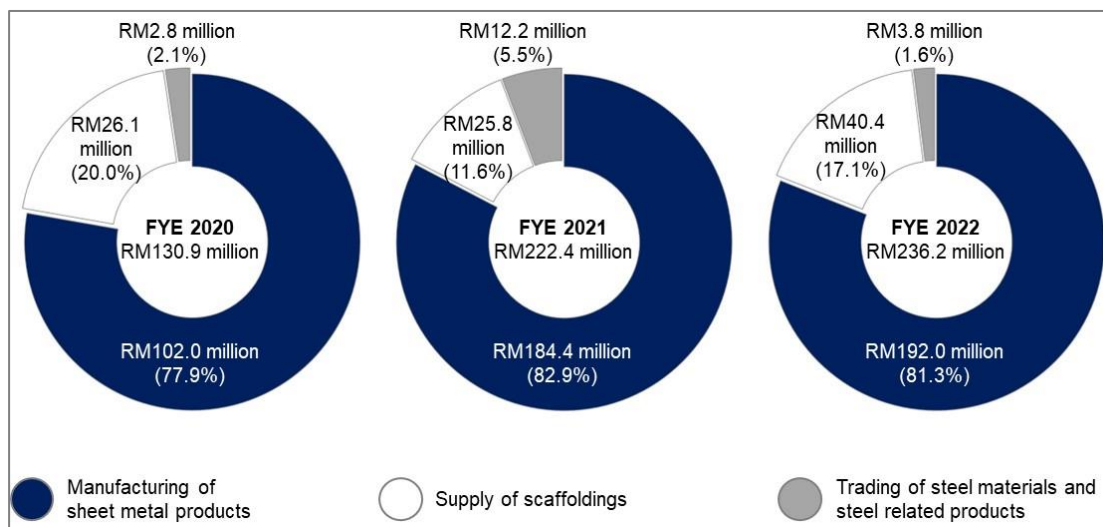
- (1) A small proportion of the revenue for FYE 2020 and FYE 2021 amounting to 0.2% and less than 0.1% of total revenue respectively was from the manufacture of steel building frames. There was no revenue from manufacture of steel building frame in FYE 2022.
- (2) Revenue from exports markets accounted for 1.6%, 8.3% and 4.2% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.
- (3) Other exports 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.

6.5.1.2 Our products and services

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. INFORMATION ON OUR GROUP (cont'd)

For the Period Under Review, our revenue segmentation by business activities are as follows:



(a) Manufacture of sheet metal products

We mainly use mild steel including hot-rolled and cold-rolled coils for the manufacture of sheet metal products, comprising the following:

- (i) roofing sheets and trusses;
- (ii) industrial racking systems; and
- (iii) welded pipes.

We use hot-rolled coils for the manufacture of welded pipes and industrial racking systems, and coated cold-rolled coils for the manufacture of roofing sheets and trusses, as well as industrial racking systems. Our revenue stream from this segment is via the sale of products to our customers mainly in the construction, warehousing and storage industry.

(i) Roofing sheets and trusses

We manufacture rolled-form steel products mainly for use as roofs used in residential, commercial and industrial buildings. Our roofing sheets are made of mild steel sheet that is aluminium-zinc coated or colour coated and rolled to form profiles or shapes onto a flat metal sheet.

We also manufacture roof trusses mainly for residential properties. The components of our roof trusses are made from high-tensile mild steel strips that are bent into various section profiles including C-purlins and C-sections and battens to be fabricated into roof trusses.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%*	RM'000	%*	RM'000	%*
Roofing sheets	50,498	38.6	74,050	33.3	65,384	27.7
Roof truss ⁽¹⁾	11,388	8.7	47,829	21.5	49,919	21.1
Revenue from roofing sheets and trusses	61,886	47.3	121,879	54.8	115,303	48.8
Total revenue	130,864	100.0	222,435	100.0	236,231	100.0

* As a percentage of total revenue

6. INFORMATION ON OUR GROUP (cont'd)

Note:

- (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 manufacture of steel building frames. There was no revenue from manufacture of steel building frame in FYE 2022.

Roofing sheets

We manufacture roofing sheets of various profiles and sizes. The input coated steel coil goes through a continuous roll-forming process to achieve the desired profile. Roofing sheets have wide building applications but are largely used for commercial and industrial buildings, and in some situations used for residential roofing and awnings. Sales of roofing sheets are based on purchase orders. Commonly, we deliver the roofing sheets within the next business day from the receipt of purchase order.

During the Period Under Review, we offer the following range of roofing sheets and materials as follows:

Types

Description and materials used

Long-run roofing sheet



- Long metal sheets with ribbed profiles.
- Typically used for industrial and commercial building applications.
- We use medium to high tensile mild steel which is aluminium-zinc coated or colour coated.

Crimp curved roofing sheet



- Long-run roofing sheets with curved ends.
- Typically used in canopies, roofs, facades, conveyor covers, tunnel inners, shelters, sheds, containers and inners for concrete form works.
- We use medium to high tensile mild steel which is aluminium-zinc coated or colour coated.

Uroll bond roofing sheet

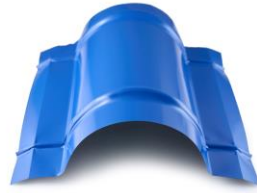


- Roofing sheets with tile-like profiles to enhance the aesthetic appearance of the roof.
- Typically used in residential, commercial and institutional buildings such as bungalows, shop offices and schools.
- We use medium to high tensile mild steel which is aluminium-zinc coated or colour coated.

6. INFORMATION ON OUR GROUP (cont'd)

Types

Flashing/capping



Flashing



Capping

Description and materials used

- Metal strips used to mainly to cover the joints or edges of roofing to prevent water seepage.
- We use medium to high tensile mild steel which is aluminium-zinc coated or colour coated.

Process of forming roofing sheets in our factory



1st picture: Medium to high tensile mild steel which is aluminium-zinc coated or colour coated is fed into the forming machine; 2nd picture: A series of rollers to form a desired profile; 3rd picture: The roofing sheet is then cut to the desired length.

Roof truss

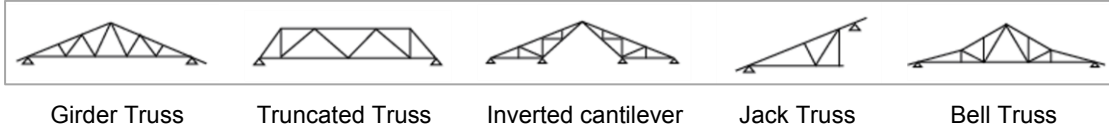
A truss is a rigid framework designed to support a load such as roof. It comprises an assembly of various long materials joined tightly to form a rigid structure.

We manufacture sections and battens which are then joined to form the truss framework for roofing purposes. Our sections and battens are made of high-tensile mild steel strips and are lightweight for ease of transportation and installation. For roof trusses under projects which require our design, we will enter into contractual agreements with our customers. The delivery of roof trusses under projects will be based on the delivery schedule as stipulated in the contractual agreement. Typically, the contract period for roof trusses under project ranges from 6 months to 9 months. As for customers who do not require our design, the sales of roof trusses will be based on purchase orders. Commonly, we deliver the roof trusses within the next business day from the receipt of purchase order. However, for purchase orders with specified delivery schedule we will deliver according to the delivery schedule.

6. INFORMATION ON OUR GROUP (cont'd)

Our sections and battens can be used to form various roof truss designs as indicated in the diagram below.

Some examples of roof designs that can be constructed using our truss materials



The sections and battens that we manufacture for the truss framework are as follows:

Types

C-Purlins



Description and materials used

- We manufacture a range of C-shaped channels referred to as C-purlins. They are used for structural building construction purposes and are used for our roofing construction.
- Our C-purlins are plain or textured, with or without pre-punched holes, and galvanised for surface finishing.
- We use galvanised high-tensile mild steel that complies with JIS G3302.
- We have a Class "O" fire rating according to British Standard (BS) 476: Part 6 and 7 independently tested by SIRIM QAS International Sdn Bhd (SIRIM).

C-Sections and battens



- We manufacture a range of lightweight C-sections and battens used for building construction purposes and are used for our roofing construction.
- Our C-sections and battens are made using galvanised or aluminium-zinc coated mild steel.
- We use high-tensile steel that complies with Australian Standard (AS) 1397/MS 1196/JIS G3302
- We have a Class "O" fire rating according to BS 476: Part 6 independently tested by SIRIM.

6. INFORMATION ON OUR GROUP (cont'd)

Process of forming a C-sections and battens in our factory



1st picture: Galvanised or aluminium-zinc coated mild steel is fed into the forming machine; 2nd and 3^d picture: A series of rollers will form a pattern as well as bend both side to form the C-shaped profile; 4th picture: The C-sections and battens is then cut to the desired length.

Our sections and battens used in roof truss



We can provide a one-stop roof truss solution incorporating the following:

- (i) design of roof truss including technical specifications for all sections and battens;
- (ii) manufacture and cut to length of various dimension sections and battens;
- (iii) supply of inhouse manufactured as well as third-party hardware;
- (iv) packaged them in kit form for ease of identification and installation; and
- (v) delivery of the total package to the designated construction site.

The components such as connecting plates, brackets, bolts and nuts are purchased from third-party suppliers. In some situations, we also provide installation services depending on customer requirements which is carried out by subcontractors.

Our roof truss is regarded as an industrialised building system (IBS) which provides our customers with the following benefits compared to conventional roof construction:

- (i) faster installation using less labour;
- (ii) fewer human errors as all parts and components are provided in kit form for ease of identification and installation; and
- (iii) reduced wastage at the construction site thus reducing obstacles and the need for temporary waste storage.

We are registered as a supplier of roof truss with Jabatan Kerja Raya Malaysia for 'Prefabricated cold formed steel roof trusses' which complies with the JKR 20601-0186-11 specifications.

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Industrial racking systems

We manufacture industrial racking systems mainly for use as multi-level supporting structures for the storage of goods. The components of our industrial racking systems are made from mild steel strips that are perforated and bent into beams and columns for use as industrial racking systems. They are made of galvanised or uncoated mild steel and after forming will be powder coated to provide colour as well as protection against scratches and abrasions. Our industrial racking systems comply with the European Standard - EN 15512:2009 (Steel Static Storage Systems. Adjusted Pallet Racking Systems. Principles For Structural Design) standard. The European Standard specifies the structural design to ensure quality and safety of the industrial racking systems.

Sales of industrial racking systems are based on purchase orders. As our industrial racking systems are manufactured upon the receipt of purchase orders, the finished products will be delivered to our customers between 4 to 8 weeks depending on the size of the purchase order, from the receipt of purchase orders.

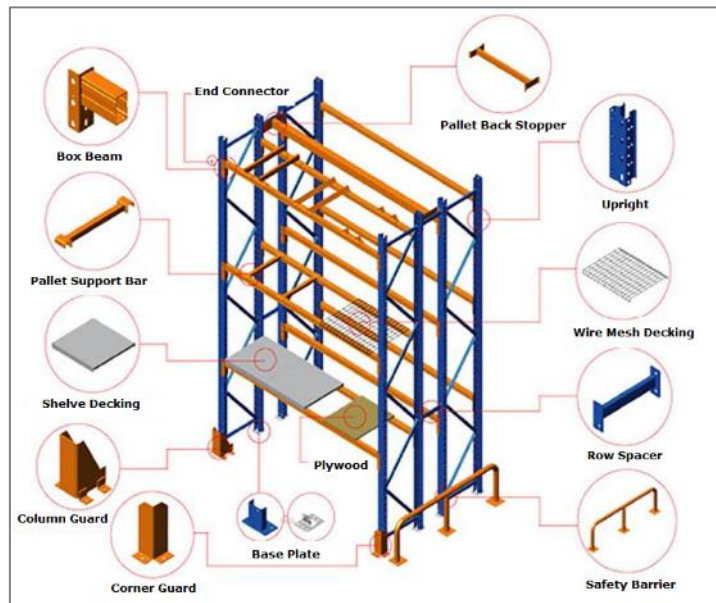
For FYE 2020, FYE 2021 and FYE 2022, our revenue from the manufacture of industrial racking systems amounted to RM18.0 million (13.8%), RM40.6 million (18.3%) and RM48.9 million (20.7%) of our total revenue respectively.

Racking systems are metal frameworks designed for the storage of goods. They are mainly used in industrial and commercial operations.

A racking system comprises metal frames to form rows of empty shelving space with or without vertical separation within each row. The height of each row or width of each separated shelf space is dictated by the types of goods to be stored such as goods in loose form, packed in bins or cartons, or goods or cartons stacked on pallets.

The final configuration and specification of the racking system will need to consider the physical condition and space of the site. Some of these considerations include the clear height of the ceiling, floor space dimension, maximum load bearing of the floor and type of vehicles used for loading and unloading.

Components of a racking system



A racking system comprises many components which are assembled on-site. We manufacture most of the metal components of our industrial racking systems, while other components such as wire mesh decking and plywood are purchased from third-party suppliers. The components of the industrial racking systems are wrapped separately for protection and ease of transportation. We will package the whole industrial racking systems and deliver it to the designated site.

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

In some situations, we also carry out the installation of the industrial racking systems depending on customer orders and requirements. The installation works are mainly carried out by our employees. In situations where we have concurrent installations, or a large order, we may engage third party contractors to carry out the installation works. Our industrial racking systems are made of high-tensile mild steel and are designed to carry an average load of up to 24 tonnes per bay for our industrial heavy-duty racking systems.

Our industrial racking systems components packed ready for delivery to customer's installation site



Surface finishing

Surface finishing is done in-house which comprises a multi-stage treatment process where the surface is chemically coated with a layer of iron phosphate crystals as well as paint. This crystalline layer prevents corrosion and provides resistance to scratches. We have an automated powder coating line at our Penang 1571 Factory. Prior to the coating process, the square pipes will go through a chemical wash to remove residue on the surface to ensure that the coating are able to adhere to the surface. In some situations, we use pre-galvanised sheets for our industrial racking systems manufacturing and in this case the square pipes will not be required to undergo the coating process.

Our inhouse coating process



1st picture: Square pipes to be painted are hung on a conveyor system; 2nd picture: Square pipes are spray coated with finishing materials and subsequently baked in an oven; 3rd picture: The coated and baked square pipes are ready for collection from the conveyor system.

6. INFORMATION ON OUR GROUP (cont'd)

Manufacturing and support services

While we carry out the manufacturing of all the key components used in our industrial racking systems, we also provide relevant supporting services as a total solution for the convenience of our customers.

Our industrial racking system solutions include the following:

- (i) design a suitable racking system including all technical specifications of the metal frame;
- (ii) design layout of the industrial racking systems within the available space at the installation site;
- (iii) manufacture and cut to the desired length of various dimension metal frames;
- (iv) supply of inhouse manufactured as well as third-party hardware and components;
- (v) package them in kit form for ease of identification and installation;
- (vi) deliver the total package to the installation site;
- (vii) install the industrial racking systems depending on customer orders and requirements; and
- (viii) inspection for our installed systems and certification of completion will be provided.

We provide support services for all our domestic and foreign customers with the exception that we do not carry out the installation in foreign countries.

Our industrial racking systems is mainly marketed and sold under our brand, "Metech" and we provide a 5-year warranty for the "Metech" brand industrial racking systems. For those industrial racking systems that we manufactured under third-party brand, we do not provide warranty.

For FYE 2020, FYE 2021 and FYE 2022, revenue from our "Metech" brand amounted to RM18.0 million (100.0%), RM22.6 million (55.7%) and RM39.0 million (79.7%) of our total revenue from industrial racking systems respectively. For FYE 2021 and FYE 2022, revenue from the third-party brand amounted to RM18.0 million (44.3%) and RM9.9 million (20.3%) of our total revenue from industrial racking systems respectively.

Our industrial racking systems components can be used for many types of configurations according to:

- (i) customers' warehouse or storage space parameters;
- (ii) types, size, turnover and diversity of goods; and
- (iii) the movement of goods within the warehouse.

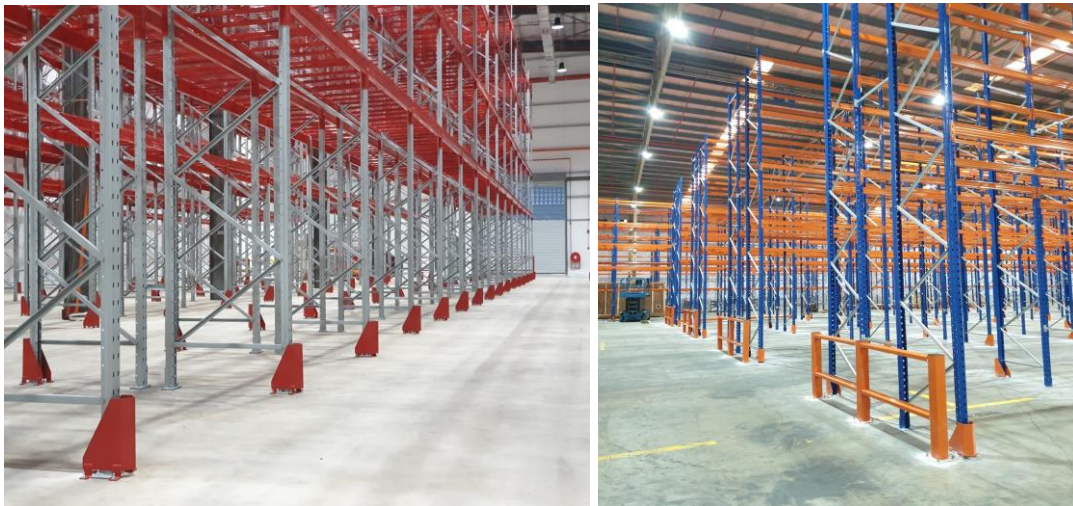
Our industrial racking systems consists of our "Metech" brand and third-party brands. Our industrial racking systems are manufactured based on purchase orders. Our industrial racking components can be used for various types of racking systems as described below.

- (a) **Selective racking**, which is based on a single row of racking where all stored goods are directly accessible from the aisle.
- (b) **Double deep racking**, where 2 loads are placed in tandem within one long bay, where the front load would hinder direct access to the back load.
- (c) **Drive-in racking**, which consists of multiple rows of racking with no aisle between each row. Vehicular access is only from the front end of each row of the racks while there is no access from the back end. The width within each row of racking is wide enough for vehicular access such as a forklift to drive into the row to load/unload goods. Loads are stored in tandem within each row of racks thus facilitating last-in-first-out inventory movement.
- (d) **Drive-through racking**, which is similar to drive-in racking with the exception that vehicular access is also provided at the back end, thus facilitating first-in-first-out or last-in-first-out inventory movement.

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

- (e) **Multi-tier racking**, which comprises 2 or more floor levels of racking accessible via structural steel staircase to optimise vertical spaces.
- (f) **Live carton storage**, which incorporates inclined roller beds that allow the cartons to slide from the loading area to the unloading area once a carton is removed from the rack, thus speeding up picking and loading speed.
- (g) **Live storage racking**, which is a compact structure with a slight incline and roller conveyors to slide palletised products freely, where loaded pallets enter the higher end of the racks and move securely along the roller conveyors by the force of gravity, at a safe and controlled speed with the help of the braking and safety systems until they reach the other end and is ready to be removed.
- (h) **Mobile racking**, which is an electrically operated racking system where pallet racks are placed on chassis or mobile bases guided through fixed tracks on the floor, allowing the racks to move along the tracks.
- (i) **Cantilever racking**, which is designed for the storage of long items such as beams and pipes.
- (j) **Satellite system**, which is a semi-automated system where pallet racks are stored or retrieved using a pallet carrier that is driven by an electric motor and runs on rails installed onto the racking system. Operators are required to use forklifts to move the shuttles between different levels and control the motorised carrier's activity through a handheld remote.

Some examples of our assembled industrial racking systems



6. INFORMATION ON OUR GROUP (cont'd)

(iii) Welded Pipes


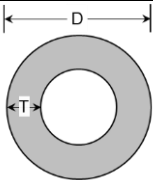

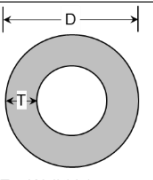
We manufacture both structural and non-structural welded pipes. Our pipes are made from mild steel strips which are formed into round, square or rectangular shapes, and subsequently, the two edges are welded. Sales of welded pipes are based on purchase orders. Commonly, we deliver the welded pipes within the next business day from the receipt of purchase order. However, for purchase orders with specified delivery schedule we will deliver according to the delivery schedule.

For FYE 2020, FYE 2021 and FYE 2022, our revenue from the manufacture of welded pipes amounted to RM22.0 million (16.8%), RM21.9 million (9.8%) and RM27.8 million (11.8%) of our total revenue respectively.


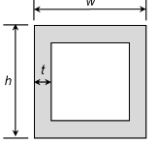

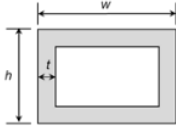
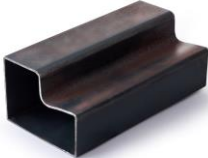
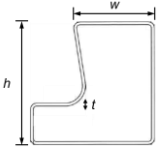
We manufacture welded pipes of various shapes, profiles, grades and surface finishing. Our welded pipes are manufactured using mild steel, where the steel coil goes through a continuous pipe-forming process to achieve the desired shape. We manufacture both structural and non-structural welded pipes. Generally, structural pipes are used for civil engineering, architecture, steel towers, scaffoldings, struts, piles for suppression of landslides and other structures. Our structural welded pipes comply with the JIS G3444:2015 (carbon steel tubes for general structural purposes) standard. This Japanese Industrial Standard outlines the specifications for carbon steel tubes used for civil engineering and architecture such as steel towers, scaffoldings, footing piles, foundation piles, and piles for landslide suppression to ensure the quality and safety of the welded pipes when used in the various applications.

Our non-structural pipes, also referred to as ornamental welded pipes are commonly used for various applications mainly used for wiring conduits used in buildings and structures, furniture and greenhouse watering system.

During the Period Under Review and as at LPD, we manufacture the following types of welded pipes:

Types	Applications and finishing	Standard dimensions
<p data-bbox="296 1317 459 1350">Conduit pipes</p> 	<ul style="list-style-type: none"> • Used for the protection and routing of electrical wiring in a building or structure. • Made of galvanised mild steel or uncoated mild steel which are painted for surface finishing. • Threaded ends. 	<ul style="list-style-type: none"> • Outer diameter: 18.8mm-25.4mm • Length: 3.81m • Wall thickness: 1.5mm-1.6mm  <p data-bbox="1225 1503 1394 1547">T = Wall thickness. D = Outside diameter.</p>
<p data-bbox="296 1671 539 1704">Circular hollow pipes</p> 	<ul style="list-style-type: none"> • Used for structural purposes such as for scaffoldings, and non-structural purposes such as furniture, hand rail support and fencing pole. • Made of galvanised or uncoated mild steel. 	<ul style="list-style-type: none"> • Outer diameter: 21.45mm-76.2mm • Length: 6m • Wall thickness: 1.2mm-3.2mm  <p data-bbox="1225 1856 1394 1901">T = Wall thickness. D = Outside diameter.</p>

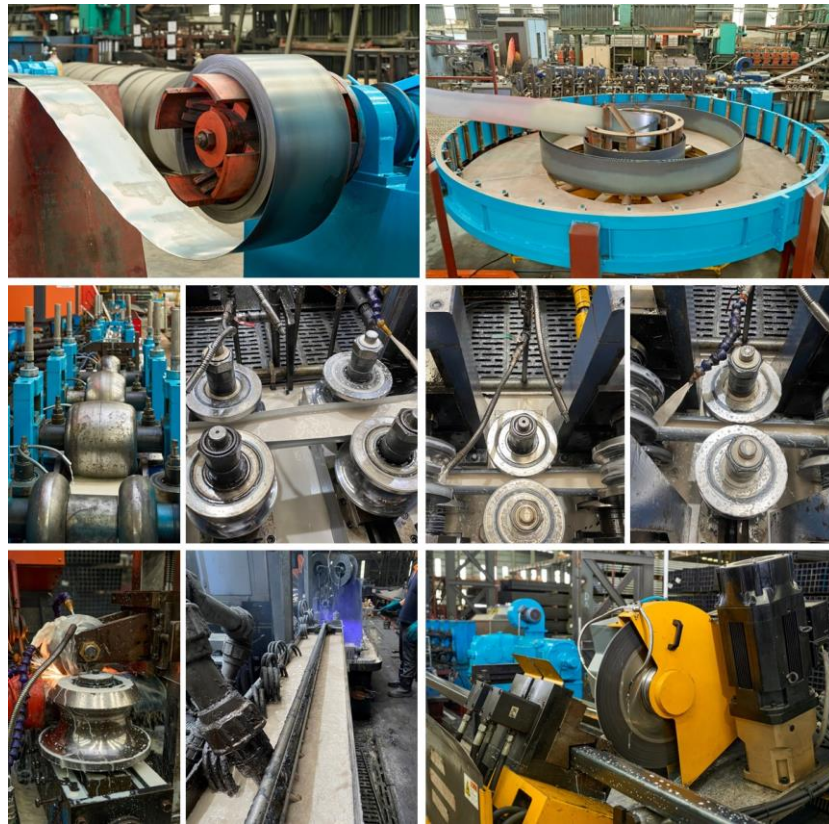
6. INFORMATION ON OUR GROUP (cont'd)

Types	Applications and finishing	Standard dimensions
<p>Square hollow sections</p> 	<ul style="list-style-type: none"> • Used for general non-structural purposes such as machine frame, furniture and guard rail. • Made of galvanised or uncoated mild steel. 	<ul style="list-style-type: none"> • Outside height and width: 25mm-100mm • Length: 6m • Wall thickness: 1.2mm-3.2mm  <p><small>t = Wall thickness. h = Outside height. w = Outside width.</small></p>
<p>Rectangular hollow sections</p> 	<ul style="list-style-type: none"> • Used for general non-structural purposes such as machine frame, furniture and guard rail. • Made of galvanised or uncoated mild steel. 	<ul style="list-style-type: none"> • Outside height: 25mm-50mm • Outside width: 50mm-125mm • Length: 6m • Wall thickness: 1.2mm-3.2mm  <p><small>t = Wall thickness. h = Outside height. w = Outside width.</small></p>
<p>P-shaped hollow pipe*</p> 	<ul style="list-style-type: none"> • Used for industrial racking systems • Made of uncoated mild steel 	<ul style="list-style-type: none"> • Outside height: 63.5mm-127mm • Outside width: 63.5mm • Length: 6m • Wall thickness: 1.5mm  <p><small>t = Wall thickness h = Outside height w = Outside width</small></p>

* As at the LPD, this type of pipe is currently manufactured for our manufacture of industrial racking systems and we intend to sell to external customers.

6. INFORMATION ON OUR GROUP (cont'd)

Pipe welding process in our factory



1st picture: Coil input; 2nd picture: Flattening of coil; 3rd to 6th picture: Roll forming of pipes; 6th picture: Welding of pipes; 7th: Cooling in a bath of coolant; 8th picture: Cutting welded pipes to desired sizes

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6. INFORMATION ON OUR GROUP (cont'd)

(b) Supply of scaffoldings

We supply scaffoldings in loose form and our customers will assemble them on-site. Scaffoldings are temporary structures mainly used in construction for new as well as existing buildings, infrastructures and structures, especially for renovations and installation of structures and fittings. They are also used as temporary shoring of structures.

Our revenue streams from this segment are via the sales and rental of scaffoldings. Our scaffoldings are marketed and sold under our brand "BW". Commonly, we deliver the scaffoldings within a week from the receipt of purchase order. However, for purchase orders with specified delivery schedule we will deliver according to the delivery schedule.

Our scaffoldings are accredited with SIRIM product certification for the conformity to the MS 1462 series of standards and also accorded the certificate of standard compliance by CIDB.

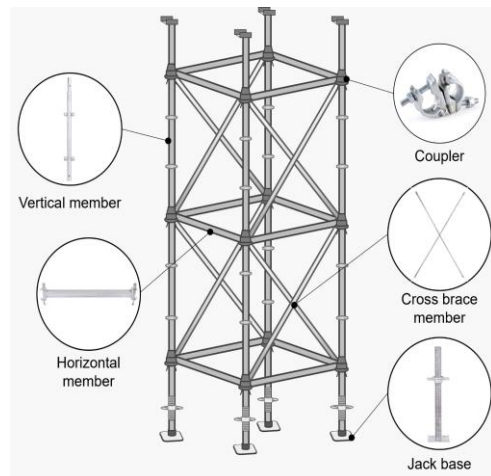
For FYE 2020, FYE 2021 and FYE 2022, our revenue from our supply of scaffoldings amounted to RM26.1 million (20.0%), RM25.8 million (11.6%) and RM40.4 million (17.1%) of our total revenue respectively.

Scaffoldings refer to temporary structures built to support workers, materials and equipment to enable construction, renovation, repair or demolition of buildings, facilities, amenities, infrastructures and other structures. It includes any working platform, gangway, skip, ladder or step-ladder which does not form part of such structure as well as other components including guard rail, toe boards or other safeguards.

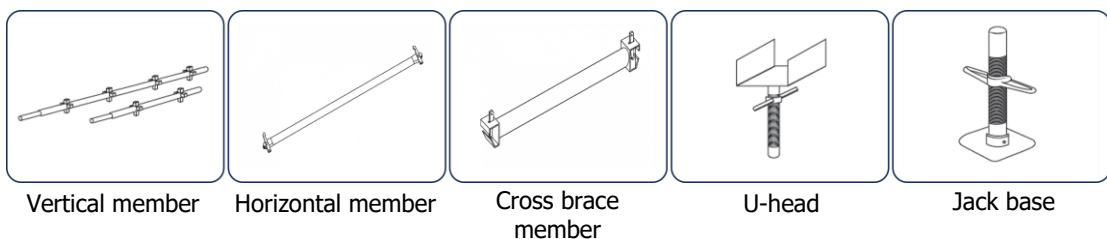
Scaffoldings also include falsework, also known as shoring scaffolds, which refers to temporary structures used to support permanent structures while it is not self-supporting, such as supporting the formwork until the concrete is set and the structure can support itself.

Generally, scaffoldings comprise various components that are assembled. This includes standards (vertical members), ledgers (horizontal members), bracings, frames, jack base, and u-heads as well as accessories such as joints and couplers. Scaffoldings are assembled on-site and can expand vertically and horizontally as the structure to be constructed such as a high-rise building is gradually built from the bottom up. The main part of the scaffolding is the steel pipes used as the vertical and horizontal members, and cross brace members which is made of galvanised iron or painted steel.

Components of scaffoldings



Some of our scaffoldings components for on-site assembly



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

Some of the accessories used in assembling scaffoldings



Swivel coupler

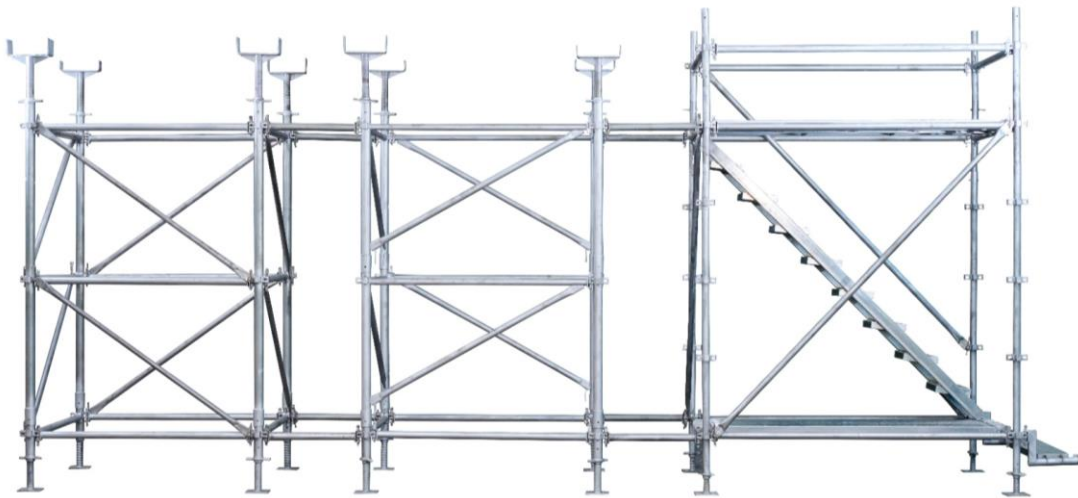
Right angle coupler

Put log coupler

Fixed beam clamp

Swivel clamp

Assembled scaffoldings



Our scaffoldings comply with various standards as follows:

- MS 1462-2-1:2010 Metal Scaffolding – Part 2: Tubular (tube and coupler) scaffold – Section 1: Specification for steel tubes;
- MS 1462-2-3: 2011 Metal Scaffolding – Part 2: Tubular (tube and coupler) scaffold – Section 3: Specification for steel and aluminium couplers, fittings and accessories;
- MS 1462-1:2012 Metal Scaffolding – Part 1: Prefabricated scaffolds – Specifications for steel frame scaffolding;
- MS 1462-3-1:2011: Metal Scaffolding – Part 3: Prefabricated scaffolds – Section 1: Specification for steel and aluminium modular system scaffolding; and
- MS 1462-1:2021: Metal Scaffolding – Part 1: Prefabricated scaffolds – Specifications for steel frame scaffolding (Second revision).

6. INFORMATION ON OUR GROUP (cont'd)

We supply all components of scaffoldings, mainly made of galvanised high-tensile mild steel, required for the assembly at customers' sites. Scaffoldings comprise components that are fabricated in-house as well as sourced from third-party manufacturers or suppliers. The fabrication works are mainly carried out by our employees. In situations where we receive high quantity of orders simultaneously and are unable to meet all orders on time using only in-house resources, we may engage subcontracted labour to increase resources for the fabrication works at our manufacturing facility. Some of the main components of scaffoldings comprised the following:

- Steel frames in semi-finished form such as main frames, ladder frames and horizontal frames are sourced from third party manufacturers based on our specifications. Steel frame are one of the main components in scaffoldings;
- structural steel pipes used to fabricate steel frames such as main frames, ladder frames and horizontal frames, as well as cross brace members of scaffoldings. Structural steel pipes are manufactured in-house as well as sourced from third-party manufacturers. We source third-party structural steel pipes to complement our in-house manufactured structural steel pipes mainly to meet timely delivery to our scaffoldings customers where our in-house manufacturing does not have the capacity at that point in time.
- Other components include walking boards, step ladders, u-head and jack base. These components are fabricated in-house as well as sourced from third-party manufacturers.
- Other accessories such as couplings and hardware are purchased from third-party manufacturers or suppliers. This is mainly because there are many types of components and the processes required to manufacture them are varied and specialised, such as casting, as well as they use different types of steel materials to provide the required strengths and other technical specifications.

We will carry out fabrication including cutting, welding and finishing where necessary, of the steel frames, structural steel pipes as well as other components which will subsequently be assembled together with the accessories that we sourced from third-party manufacturers or suppliers to form the scaffoldings. For the FYE 2022, we fabricated a total of 3,608 tonnes of scaffoldings, where steel frames and structural steel pipes accounted for 86.0% of the total tonnage of scaffoldings, while the remaining 14.0% were other components and accessories. Of the total steel frames and structural steel pipes used for the scaffoldings, approximately 65.1% of them were sourced from third-party manufacturers or suppliers, while the remaining 34.9% of them were fabricated using our in-house manufactured welded pipes.

Our revenue derived from supply and rental of scaffoldings is segmented as follows:

Supply of scaffoldings	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%*	RM'000	%*	RM'000	%*
Sales	18,988	14.5	14,927	6.7	29,117	12.3
Rental	7,134	5.5	10,888	4.9	11,273	4.8
Revenue from supply of scaffoldings	26,122	20.0	25,815	11.6	40,390	17.1
Total revenue	130,864	100.00	222,435	100.00	236,231	100.00

* As a percentage of total Group revenue

6. INFORMATION ON OUR GROUP (cont'd)**(i) Sales of scaffoldings**

We sell scaffoldings or individual scaffoldings components to our customers. We deliver the scaffoldings or scaffoldings components to customers' designated sites where the delivery fees are borne by the customers. We do not carry out the installation of scaffoldings, which is the responsibility of our customers.

(ii) Rental of scaffoldings

Our scaffoldings business includes the rental of scaffoldings which provides us with recurrent revenue. We rent out whole scaffoldings or individual scaffoldings items. Our rental business is synergistic with our sales business as we already have a ready source of all the required components for scaffoldings.

Our rental business also includes the delivery of all scaffoldings components to customers' designated sites where the delivery fees are borne by the customers. Our customers are responsible for returning all rented components to our nearest warehouse and in some situations, we will collect the scaffoldings components from our customers upon request and the delivery fees will be charged to the customers.

Our rental business is based on rental agreement commonly with a minimum rental period of 3 months. The rental period may be extended upon expiry and there is no maximum rental period. We clean, maintain and refurbish the scaffoldings where required when scaffoldings are returned to us after each rental period.

We do not carry out the installation of scaffoldings, which is the responsibility of our customers. When our scaffoldings are fully rented out at any point in time, we will rent scaffoldings from third-party to fulfil our customers' orders.

(c) Trading of steel materials and steel related products

During the Period Under Review, we also derived revenue from trading of steel materials namely steel coils, and steel related products including mainly cabins and metal frames for doors and windows. For FYE 2020, FYE 2021 and FYE 2022, revenue from trading of steel materials and steel related products amounted to RM2.8 million (2.1%), RM12.2 million (5.5%) and RM3.8 million (1.6%) of the total revenue respectively.

Trading of steel materials and steel related products	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%*	RM'000	%*	RM'000	%*
Trading of steel coils	2,175	1.7	11,725	5.3	2,873	1.2
Trading of steel related products ⁽¹⁾	610	0.4	473	0.2	971	0.4
Revenue from trading of steel materials and steel related products	2,785	2.1	12,198	5.5	3,844	1.6
Total revenue	130,864	100.00	222,435	100.00	236,231	100.00

* As a percentage of total revenue

Note:

(1) Including mainly cabins and metal frames for doors and windows.

6. INFORMATION ON OUR GROUP (cont'd)

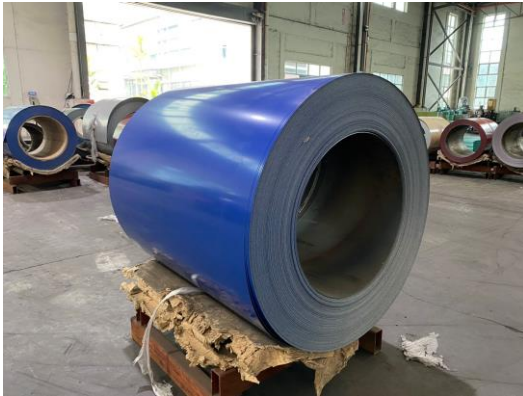
During the Period Under Review, we offer the following products under trading of steel materials and steel related products:

Types

Description

Steel materials

Steel coils



- Mainly colour coated steel coils

Steel related products

Cabins



- Temporary metal cabins commonly used at construction site
- These cabins are foldable and supplied in flat pack, which require minimal installation on-site

Metal frames for doors and windows



- Commonly used for residential properties

6. INFORMATION ON OUR GROUP (cont'd)

6.5.1.3 Accreditations and certifications

All construction materials listed in the Fourth Schedule of Construction Industry Development Board Act 1994 are required to obtain CIDB's Certificate of Standards Compliance. The Fourth Schedule includes scaffoldings, which requires conformity to the MS 1462 series of standards. Compliance with MS 1462 thus allows our scaffolding products to be used as construction materials in the construction industry in Malaysia.

Our accreditations and certifications for our products are as follows:

Year first obtained	Subsidiary	Certifying party	Accreditations and certifications
2010	BWYS Steel	SIRIM QAS	<ul style="list-style-type: none"> Received the first ISO 9001:2015 certification on 17 December 2010 for the following scope: <ul style="list-style-type: none"> manufacture of metal roofing and accessories, multi truss, scaffolding, racking system, steel hollow section pipes, and clear and colour conduit pipes; trading of scaffolding accessories, galvanised iron and colour coils, and other building-related products; and manufacture of racking system. The current certification is valid from 27 September 2022 to 30 September 2025.
2017	BW Scaffold	SIRIM QAS	<ul style="list-style-type: none"> Received the first product certification licence for MS 1462-1:2012 prefabricated steel frame scaffolding on 4 August 2017. The current certification is valid from 13 December 2022 to 4 August 2023.⁽²⁾
2017	BW Scaffold	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance for MS 1462-1:2012 prefabricated steel frame scaffolding on 24 November 2017. The current certification is valid from 17 January 2023 to 16 January 2024.
2017	BWYS Steel	CREAM	<ul style="list-style-type: none"> Received the first product certificate of conformity MS 1462-2-3:2011 steel coupler for tubular scaffolds on 8 August 2017, and was subsequently renewed with validity up to 7 August 2021.⁽¹⁾
2017	BWYS Steel	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance for MS 1462-2-3:2011 steel coupler for tubular scaffold on 10 November 2017.⁽¹⁾

6. INFORMATION ON OUR GROUP (cont'd)

Year first obtained	Subsidiary	Certifying party	Accreditations and certifications
2018	BWYS Steel	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance MS 1462-1:2012 prefabricated steel frame scaffolding on 15 January 2018 which was valid up to 14 January 2019.⁽¹⁾
2018	BWYS Steel	CREAM	<ul style="list-style-type: none"> Received its first product certificate of conformity MS 1462-2-1:2010 galvanised steel tube for tubular scaffolding on 23 February 2018, and was subsequently renewed with validity up to 22 February 2022.⁽¹⁾
2019	BWYS Steel	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance for MS 1462-2-1:2010 galvanised steel tube for tubular scaffolding on 9 January 2019. The current certification is valid from 3 February 2022 to 2 February 2023.⁽¹⁾
2019	YS Success	SIRIM QAS	<ul style="list-style-type: none"> Received the first product certification licence for JIS G3444:2015 carbon steel tube for general structure on 12 April 2019. The current certification is valid from 19 April 2023 to 12 April 2024.
2020	BW Scaffold	SIRIM QAS	<ul style="list-style-type: none"> Received the first product certification licence for MS1462-3-1:2011 steel modular system scaffolding on 22 September 2020. The current certification is valid from 22 August 2023 to 22 September 2024.
2022	YS Success	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance for JIS G3444:2015 carbon steel tube for general structure on 30 July 2022. The current certificate is valid from 30 July 2023 to 29 July 2024.
2022	BW Scaffold	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance for MS1462-3-1:2011 modular system scaffolding on 14 January 2022. The current certification is valid from 17 January 2023 to 16 January 2024.
2022	BW Scaffold	CREAM	<ul style="list-style-type: none"> Received the first product certificate of conformity MS 1462-2-3:2011 steel coupler for tubular scaffolds on 26 July 2022 and is valid until 25 July 2024.

6. INFORMATION ON OUR GROUP (cont'd)

Year first obtained	Subsidiary	Certifying party	Accreditations and certifications
2022	BW Scaffold	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance MS 1462-2-3:2011 steel coupler for tubular scaffolds on 15 September 2022. The current certification is valid from 22 August 2023 to 21 August 2024.
2022	BW Scaffold	Certibuild (M) Sdn Bhd	<ul style="list-style-type: none"> Received the first certificate of conformity MS 1462-2-1:2010 steel tube for tubular scaffolding on 5 August 2022 and is valid until 4 August 2024.
2022	BW Scaffold	SIRIM QAS	<ul style="list-style-type: none"> Received the first certification for ISO 9001:2015 for the scope of manufacturing scaffolding products and accessories on 1 March 2022. The current certification is valid from 31 May 2022 to 2 May 2025.
2023	BW Scaffold	CIDB	<ul style="list-style-type: none"> Received the first certificate of standard compliance MS 1462-2-1:2010 steel tube for tubular scaffolding on 7 February 2023 and is valid until 6 February 2024.
2023	BW Scaffold	Certibuild (M) Sdn Bhd	<ul style="list-style-type: none"> Received the first certificate of conformity MS 1462-1:2021 prefabricated steel frame scaffolding component on 1 September 2023 and is valid until 31 August 2024.

Notes:

- (1) These certificates of standard compliance were not renewed as these certificates were subsequently obtained by BW Scaffold, which is involved in the supply of scaffoldings.
- (2) We have submitted renewal application 3 weeks prior to the expiry date. The new certification is expected to be issued within 3 months from the date of submission.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.2 Business process

6.5.2.1 Mode of operations

(a) Sheet metal products, sales of scaffoldings, trading of steel materials and steel related products

Purchase orders

Our mode of operation for our manufacture of sheet metal products, sales of scaffoldings as well as trading of steel materials and steel related products are mainly based on confirmed purchase orders.

Our customers will issue purchase orders to us as and when they require them. The purchase order will specify the type of products, specifications, quantity, agreed price, payment term as well as other terms such as delivery address and schedule. We will issue an invoice to our customers upon delivery of the products. We mainly deliver the products to our customers' specified destinations, and the delivery fees are factored into our product pricing. In some situations, our customers will opt to pick up the products from our warehouse.

Contract-based

For roof trusses under projects, we will enter into a contractual agreement with some of our customers where our customer will issue a letter of award or work order to us for the supply and installation of roof trusses. The letter of award or work order will set out the scope of work, contract period, agreed price and payment terms. We will submit progressive claims and issue invoice to our customers upon the delivery of materials to the construction site based on the agreed terms, and the balance will be invoiced upon completion of work.

Typically, the contract period ranges from 6 months to 9 months. However, in some cases we have contracts for up to 2 years. In the event of any delays in the completion of the contract, we may be subjected to liquidated and ascertained damages (LAD) claim by our customer at an agreed fixed rate of damages per day which will be stipulated in the contract. Depending on the contractual agreement, we may be required to provide defect liability period for the rectification of any defects of up to 24 months from the acceptance date or date of certificate of practical completion by the customer. As at the LPD, we have not experienced any LAD claims from our customers.

Warranty

For the roof trusses that we design, supply and/or install, we provide a 10-year warranty based on the design of the roof trusses. During the warranty period, we will provide replacements or rectify any manufacturing or design defects at our costs or reimburse our customer the cost of replacement of the defective products.

For our manufactured industrial racking systems, we provide 5-year warranty for the "Metech" brand industrial racking systems. During the warranty period, we will provide replacements or make good any manufacturing defects at our cost. As at the LPD, we have not experienced any warranty claims from our customers.

We do not provide warranty for the other sheet metal products. However, as a gesture of goodwill towards our customers, we will provide replacements or allow our customers to return the defective or damaged products during transportation and transit of the products within 7 days upon the receipt of the products.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Rental of scaffoldings

For the rental of scaffoldings, we enter into agreements specifying the minimum rental period and rental rates for each type of components. Rates and conditions for any extension of the rental period are also included in the agreements.

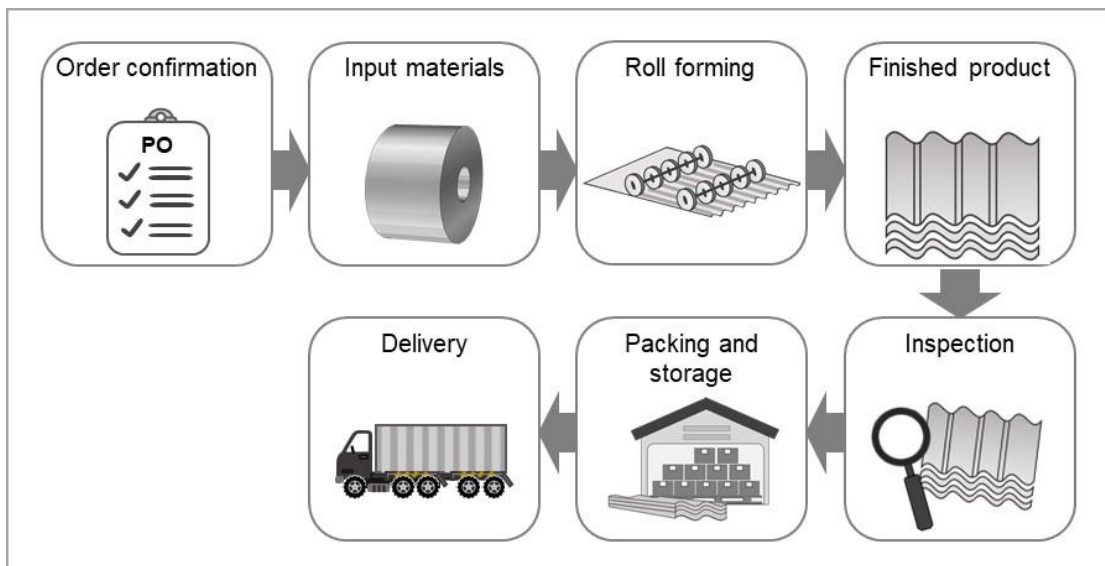
The transportation cost of the rented scaffoldings to the project site, as well as their return to our warehouse, is commonly borne by the customer. Invoices will be issued to our customers on a monthly basis. We will commonly require a 2 months deposit. In the event of any damaged or missing items upon return, we will charge back to our customers.

6.5.2.2 Process flow

(a) Manufacture of roofing sheets and trusses

(i) Manufacture of roofing sheets

Our process flow for the manufacture of roofing sheets is depicted in the diagram as follows:



• **Order confirmation**

The initial process typically begins with customer enquiries, where customers will choose the type of roofing sheets they intend to purchase along with specifications such as length, thickness and surface finishing.

Once a decision has been made, our customer will issue a purchase order with details such as product specification, quantity, pricing, delivery location, delivery date and payment terms. The receipt of purchase orders serves as a basis for us to confirm orders and schedule our production. Our purchase orders are mainly secured through proposals in response to requests for quotations from prospective customers.

6. INFORMATION ON OUR GROUP (cont'd)

- **Input materials**

We would normally have sufficient stocks of input materials in-house to meet most customers' purchase orders. As our input materials are sometimes purchased from foreign countries requiring 6 to 8 weeks lead time, we would normally plan our inventory of input materials to have sufficient buffer stocks to meet most purchase orders.

We use aluminium-zinc coated or colour coils in the manufacture of roofing sheets and these coated coils are available in various thicknesses, widths and grades.

- **Roll forming**

Based on our customer specifications, we will select coated coils of the appropriate length, grade and material coating. The coated coils are loaded onto a decoiler to unwind the sheet metal and fed into the roll-forming machine. As the uncoiled strip enters the roll-forming machine and passes through a series of rollers, the long continuous strip is bent and shaped into the desired profiles according to customer specifications. The profile is automatically cut to the pre-determined length and discharged onto the run-out table before being arranged for delivery or further processing.

- **Inspection**

We will inspect the quality and dimensions of the finished products to ensure they meet our customer specifications and adhere to the relevant standards, where required. Should there be any defects, the defective products including those which were manufactured based on customer specifications will be sold at a discount. For the Period Under Review, defective products accounted for between 0.1% to 0.3% of our total actual output per year.

- **Packing, storage, delivery and installation**

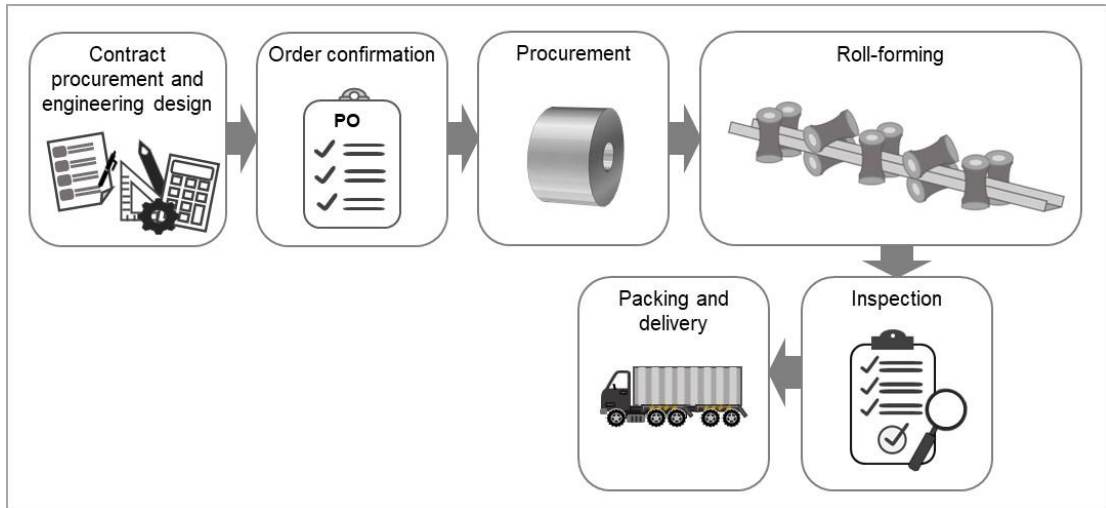
After inspection, we will pack the finished products into stacks for storage or delivery to our customers. We will deliver the finished product to the designated site at the specified date. We do not carry out the installation work.

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6. INFORMATION ON OUR GROUP (cont'd)

(ii) Manufacture of roof trusses

Our process flow for the manufacture of roof trusses is depicted in the diagram as follows:



- **Contract procurement and engineering design**

The initial process begins with contract procurement, whereby the contracts for the manufacture of roof trusses are secured through tendering or quotation. This process is only applicable for roof trusses which require our design.

The tendering or quotation process begins when we receive an invitation to tender or quote from prospective customers. We will carry out a preliminary assessment based on the project requirements and background of the customer before deciding to participate in the tender or quotation. Once we have decided to bid or submit a quotation, we will commence the preparation of the tender or quotation documents which involve considerations including costing, pricing, timing and input material stocks in hand, as well as the preparation of the preliminary engineering design.

Based on the project requirements, we will design the trusses and prepare design drawings indicating the loads, assembly drawings, material specifications and types of joining. Some of the design considerations include load data such as dead load, impose load, wind load and other related loads, as well as the size, length and grade of steel to be used.

- **Order confirmation**

Upon receiving the letter of award or work order from the customer, we will then proceed to finalise the design of the trusses. The calculations and drawing details will be certified by an independent professional engineer. These drawings will need to be accepted by our customers.

For customers who do not require us to design, the customer will issue a purchase order with details including product specification, quantity, pricing, delivery location, delivery date and payment terms. The receipt of purchase orders serves as a basis for us to confirm orders and schedule our production. Our purchase orders are mainly secured through proposals in response to requests for quotations from prospective customers.

6. INFORMATION ON OUR GROUP (cont'd)

- **Procurement**

Upon receiving the letter of award, work orders or purchase orders, we will check our inventory of input materials. In the event of insufficient input materials to fulfil our customer orders, we will procure the necessary input materials from the suppliers. However, we would normally have sufficient stocks of input materials in-house to meet most customers' purchase orders. As our input materials are sometimes purchased from foreign countries requiring 6 to 8 weeks lead time, we would normally plan our inventory of input materials to have sufficient buffer stocks to meet most purchase orders.

Our input material consists of steel coils, which are available in various thicknesses, widths, grades and material coatings such as aluminium-zinc, galvanised iron and colour coated.

- **Roll forming**

Based on our customer specifications, we will select steel coils of the appropriate length, grade and material coating for slitting. The steel coils are slit into narrower coils based on the required widths while the off-cuts are sold as scrap. For the Period Under Review, scrap accounted for between 0.4% to 0.5% of our total actual output per year.

The slitted steel coils are loaded onto a decoiler to unwind the sheet metal and fed into the roll-forming machine. As the uncoiled strip enters the roll-forming machine and passes through a series of rollers, the long continuous strip is bent and shaped into the desired profiles according to customer specifications. The profile is automatically cut to the pre-determined length and discharged onto the run-out table before being arranged for delivery or further processing.

- **Inspection**

We will inspect the steel trusses to ensure they are manufactured based on the specifications and design per the agreed layout. Should there be any defects, the defective products will be sold at a discount. For the Period Under Review, there were no defective products in the manufacture of roof trusses.

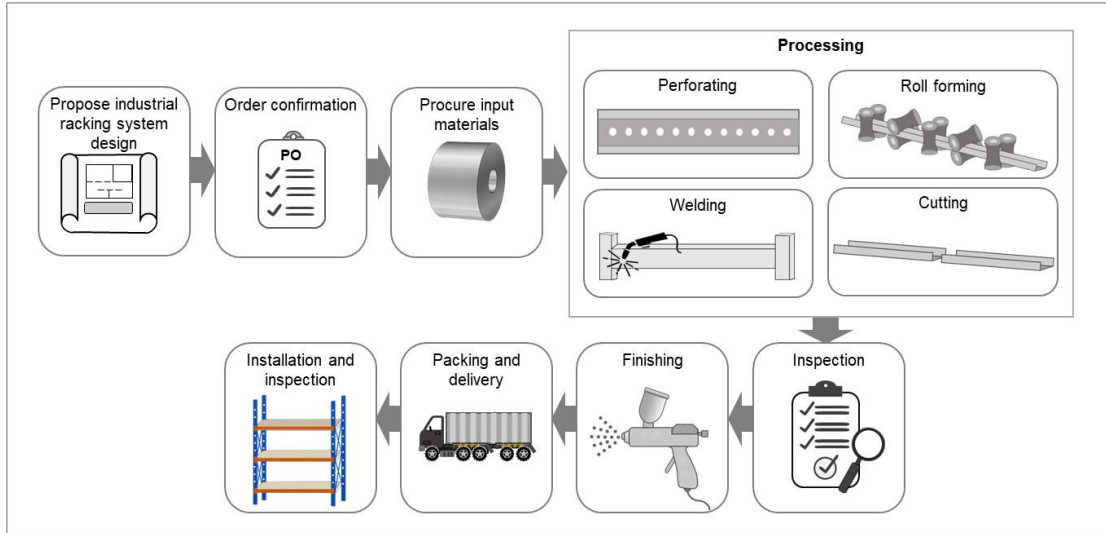
- **Packing, delivery and installation**

After inspection, we will pack the finished products into stacks for storage or delivery to our customers. The installation of roof trusses will either be undertaken by our Group or an external contractor depending on customer requirements. In the event that we do not complete the installation as specified in the contracts, we are subject to liquidated and ascertained damages (LAD). For the Period Under Review and as at the LPD, we have not experienced any LAD claims from our customers.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Manufacture of industrial racking systems

Our process flow for the manufacture of the industrial racking systems is depicted in the diagram as follows:



- **Propose industrial racking systems design**

The initial process begins with customer enquiries, in which we will assess the requirements and background of our prospective customers in terms of their budget, storage needs, type of goods stored, floor space and load bearing, and layout and vehicular flow within the storage area. Based on these considerations, we will design and propose a suitable industrial racking systems for our prospective customers by providing them with a racking layout and a quotation. The proposed racking layout includes information such as upright height, frame depth, beam length, number of beam levels per bay and number of bays.

- **Order confirmation**

Once a decision has been made, our customer will issue a purchase order with details such as the type and specifications of the industrial racking systems to be purchased as well as other terms such as delivery and installation site, delivery date and payment terms. The receipt of purchase orders serves as a basis for us to confirm orders and schedule our production. Our purchase orders are mainly secured through proposals in response to requests for quotations from prospective customers.

- **Procure input materials**

Upon receiving the purchase orders, we will check our inventory of input materials. In the event of insufficient input materials to fulfil our customer orders, we will procure the necessary input materials from suppliers. However, we would normally have sufficient stocks of input materials in-house to meet most customers' purchase orders. As our input materials are sometimes purchased from foreign countries requiring 6 to 8 weeks lead time, we would normally plan our inventory of input materials to have sufficient buffer stocks to meet most purchase orders.

We use galvanised steel coils and uncoated steel coils in the manufacture of industrial racking systems. Some of the components and hardware are also required to be purchased from third-party suppliers.

6. INFORMATION ON OUR GROUP (cont'd)

- **Processing**

Based on our customers' specifications, we will select steel coils of the appropriate length, grade and thickness for slitting. The steel coils are slit into narrower coils based on the required width while the off-cuts are sold as scrap. For the Period Under Review, scrap accounted for between 1.0% to 1.8% of our total actual output per year.

The following processes are carried out for the manufacture of various industrial racking components:

- Perforation: The strip of the slitted steel coil is perforated with holes of various sizes and shapes arranged in several patterns;
- Roll-forming: The perforated slit metal will be roll-formed into various profiles such as C-channels and angles;
- Cutting: The perforated and rolled formed metal is cut to length; and
- Welding: Where required, some components will need to undergo welding.

- **Inspection**

We will inspect the industrial racking components to ensure they are manufactured or procured based on the agreed specifications and design. Should there be any defects, the defective parts will be sold at a discount. For the Period Under Review, there were no defective products in the manufacture of industrial racking systems.

- **Finishing**

After inspection, the industrial racking components undergo surface pre-treatment, namely phosphate conversion coating where they are cleaned, chemically pre-treated, rinsed and dried in preparation for powder coating. During the chemical pre-treatment, the industrial racking components are immersed in an acidic bath to react with the solution. This creates a protective layer of iron phosphate crystals on the surface of the industrial racking components, thereby improving paint adhesion and corrosion resistance.

After undergoing surface pre-treatment, the industrial racking components are electrostatically sprayed with powder paint and placed in a curing oven. In the curing oven, a chemical reaction takes place which bonds the powder paint with the industrial racking components, thus leading to a permanent coating. We will then carry out inspection on the coated industrial racking components to ensure coating uniformity and are fully cured.

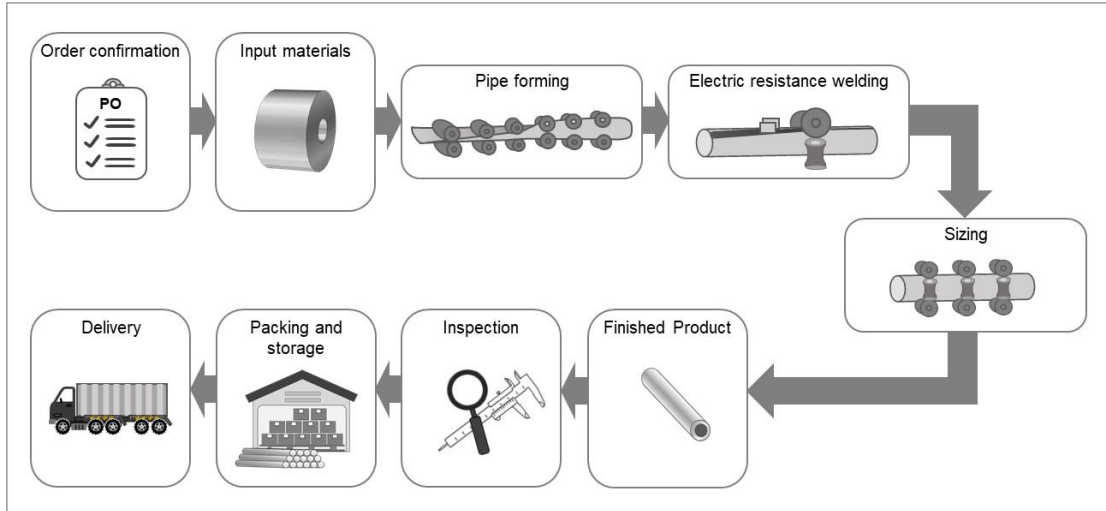
- **Packing, delivery, installation and inspection**

We will then pack the finished products and deliver them to our customer's site for installation. At our customer's site, we will install the industrial racking systems and thereafter inspect the industrial racking systems to ensure it is functional and safe for use.

6. INFORMATION ON OUR GROUP (cont'd)

(c) Manufacture of welded pipes

Our process flow for the manufacture of welded pipes is depicted in the diagram as follows:



- **Order confirmation**

The initial process typically begins with customer enquiries, where customers will choose the type of welded pipes they intend to purchase along with specifications such as pipe dimension, length surface finishing as well as the required tensile and yield strength. We commonly manufacture welded pipes with standard dimensions to replenish our stocks, and fulfil customer orders based on their purchase orders.

Once a decision has been made, our customer will issue a purchase order with details such as product specification, quantity, pricing, delivery location, delivery date and payment terms. The receipt of purchase orders serves as a basis for us to confirm our orders and schedule our production. We will first consider our current level of inventory for finished goods. If the required items are insufficient or not in stock, we will schedule for production. Our purchase orders are mainly secured through proposals in response to requests for quotations from prospective customers.

- **Input materials**

We would normally have sufficient stocks of input materials in-house to meet customers' purchase orders. As our input materials are sometimes purchased from foreign countries requiring 6 to 8 weeks lead time, we would normally plan our inventory of input materials to have sufficient buffer stocks to meet most purchase orders. We use galvanised steel coils and uncoated steel coils in the manufacture of welded pipes.

6. INFORMATION ON OUR GROUP (cont'd)

- **Pipe forming and welding**

Based on our customers' specifications, we will select steel coils of the appropriate length, grade and thickness for slitting. The steel coils are slit into narrower coils based on the required width while the off-cuts are sold as scrap. The slitted steel coils are then loaded onto a decoiler to unwind the coils. For the Period Under Review, scrap accounted for between 0.5% to 0.7% of our total actual output per year.

As the uncoiled strip enters the pipe-forming machine and passes through a series of rollers, the longitudinal ends of the strip progressively curl up to form a tubular section. The size and shape of the tubular section may be in the form of cylindrical, rectangular or square shape. The tubular section then undergoes an automatic electric resistance welding (ERW) process by passing a high-frequency electric current through the sliding contacts on the surface of the tube, thus fusing the edges. This process involves metal inert gas (MIG) welding where a continuous consumable wire electrode is fed into the weld pool and uses carbon dioxide as a shielding gas to protect the arc and weld pool from the environment and contaminants. The welded seam of the pipe is then tightened through the high-pressure rollers.

- **Sizing**

As the welded pipe passes through the sizing section which comprises a series of rollers, the welded pipe is uniformly reduced to the desired diameter, shape and tolerance based on customer requirements. After sizing, the welded pipe is then cut to the required length by the automatic cutting machine.

- **Inspection**

We will then inspect the quality and dimensions of the finished products to ensure they meet our customer specifications and adhere to the relevant standards, where required. Should there be any defects, the defective products will be sold at a discount. For the Period Under Review, defective products accounted for between 2.4% to 3.0% of our total actual output per year.

- **Packing, storage and delivery**

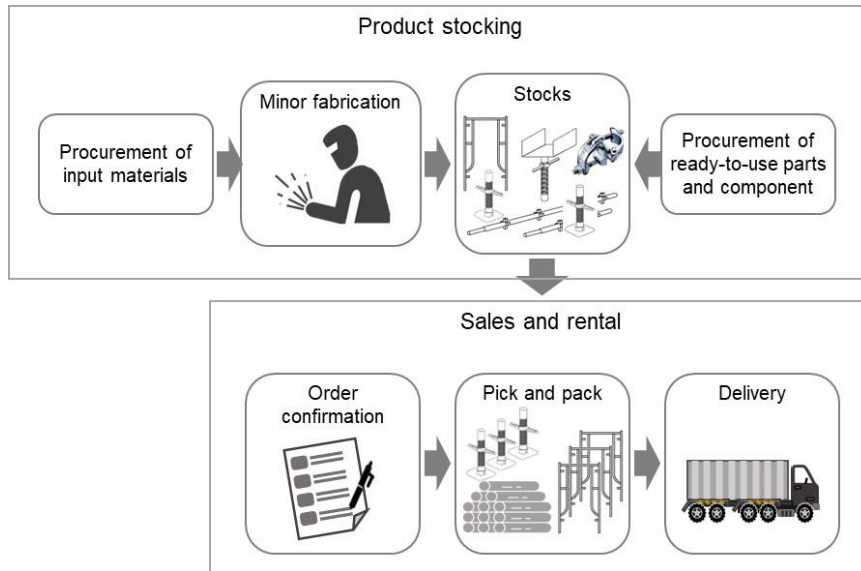
After inspection, we will pack the finished products for storage or delivery to our customers.

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6. INFORMATION ON OUR GROUP (cont'd)

(d) Supply of scaffoldings

Our process flow for the supply of scaffoldings is depicted in the diagram below:



- **Product stocking**

Scaffoldings are assembled at the customer’s project site and we have to stock all the relevant components comprising, among others, vertical and horizontal members (mainly structural pipes), cross brace members, and couplings.

The scaffoldings components comprised those that are fabricated in-house as well as sourced from third-party manufacturers or suppliers. We will then carry out some minor fabrication mainly comprising welding various metal parts together or metal parts to the pipes.

- **Order confirmation**

The initial process begins with customer enquiries, where customers will reach out to us with a list of scaffoldings components they intend to purchase or rent based on their scaffoldings drawings and other project requirements. Based on the customer’s requirements, we will check the availability of our scaffoldings components.

For sales of scaffoldings, our customer will issue a purchase order with details such as the product required, quantity, pricing, delivery location, delivery date and payment terms. The receipt of purchase orders serves as a basis for us to confirm our orders and schedule our picking and packing process. Our purchase orders are mainly secured through proposals in response to requests for quotations from prospective customers.

For rental of scaffoldings, we will prepare a rental contract which include key terms such as the quantity and rental cost per unit of scaffoldings components, rental start date, expected rental period, delivery location, transportation method, payment amount and method as well as the repair and replacements costs for damaged or missing items. Our rental agreements are mainly secured through proposals in response to requests for quotations from prospective customers.

6. INFORMATION ON OUR GROUP (cont'd)

- **Pick and pack**

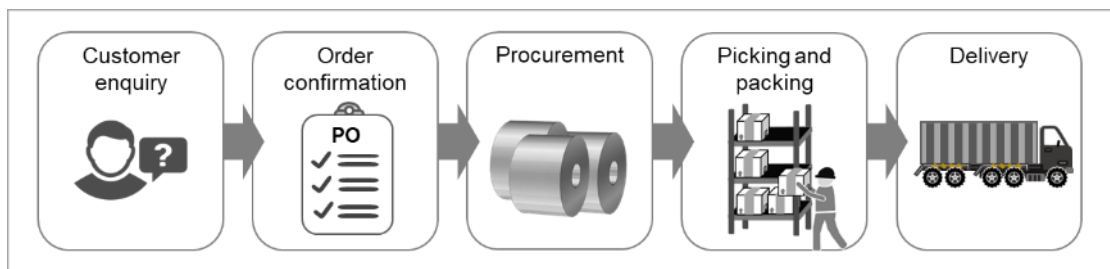
Once we have the purchase order or the rental agreement in hand, our warehouse staff will start picking and packing the required scaffoldings components. These are placed in a temporary storage area before they are loaded onto the lorry for delivery.

- **Delivery**

The scaffoldings components will be delivered to the project site at the specified location and date. At the project site, we will inspect the scaffoldings components for any defects or transport damage as well as the completeness based on a checklist. We will then issue a delivery note to our customer indicating the description and quantity of scaffoldings components delivered, which will be signed and stamped by our customer upon checking and confirming the receipt of the scaffoldings components. We are not responsible for the assembly and erection of the scaffoldings.

(e) Trading of steel materials and steel related products

Our process flow for the trading of steel materials and steel related products is depicted in the diagram as follows:



- **Customer enquiry**

The initial phase typically begins with customer enquiries on the availability of the products they intend to purchase. Customers will specify the type and quantity of products as well as the dimensions and grades, where applicable. We will then check on the availability of stocks in our inventory and their respective prices.

- **Order confirmation**

After reviewing the quotation, our customer will issue purchase orders indicating the type, quantity, dimensions and grades of products. Based on customer's purchase orders, we will issue sales orders to customers confirming the sale of the products per the purchase orders, which would also include terms such as delivery address, delivery date and payment terms.

- **Procurement**

We will source for the products based on our customer's specifications and requirements. Our steel materials and steel related products are sourced from domestic and foreign suppliers. Upon the receipt of products at our warehouses, we will inspect the products in terms of quantity, quality, grades, dimensions and specifications to ensure they are as per the delivery note and delivered in good condition.

6. INFORMATION ON OUR GROUP (cont'd)

- **Picking and packing**

On the delivery date, a picking order will be generated and our warehouse personnel will pick the items from our inventory based on the picking order, inspect the products to ensure there are no defects and pack them into a package to be delivered.

- **Delivery**

Our customers can opt to collect the products from our warehouse or have the products delivered to their address for which a delivery fee will be charged.

Upon the receipt of goods, our customers are required to sign and stamp the delivery note as proof of delivery. The signed delivery note is then returned to us for documentation and record keeping purposes.

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6. INFORMATION ON OUR GROUP (cont'd)

6.5.3 Technologies used or to be used

We do not employ any special technology in our business operations. However, we rely on the manufacturing machinery and equipment to carry out our business operations.

6.5.3.1 Major machinery and equipment

The major machinery and equipment used for our manufacturing operations include the following:

Major machinery and equipment	Number of machines	Brief description	Net book value as at 31 December 2022 RM'000	Average age as at 31 December 2022 years	Year of purchase years
Penang 1571 Factory					
Roll forming machines					
- Roofing sheets	6	Used to roll-form steel sheets into various profiles such as long run, u-roll bond and crimp curve	896	4	2015 - 2022
- Roof truss	9	Used to roll-form C-purlins, C-sections and battens	86	5	2015 - 2017
- Industrial racking systems	12	Used to roll form steel strips into bracing, box beams, row spacers and u-shape	612	4	2013 - 2021
- Welded pipes	3	Used to roll-form steel strips into pipes of various outer diameters and shapes	684	5	2017
Others					
Powder coating line	1	Used to provide surface finishing process comprising a multi-stage treatment process	153	9	2013
Stamping machine	9	Used to punch one or more holes in steel strips	234	3	2012 - 2021
Welding machine	6	Used to join two or more pieces of metal	417	1	2021 - 2022
Bending machine	1	Used to bend steel sheets or strips to desired angles	30	5	2017
Cutting machine	4	Used to cut steel sheets or strips to the required length	89	6	2012 - 2021
Threading machine	2	Used to create threats on pipes	18	5	2017
Penang 1572 Factory					
Roll forming machines					
Industrial racking systems	7	Used to roll form steel strips into bracing, box beams, row spacers and u-shape	1,134	1	2020 - 2021
Others					
Stamping machine	4	Used to punch one or more holes in steel strips	285	1	2021
Welding machine	6	Used to join two or more pieces of metal	448	1	2020 - 2022

6. INFORMATION ON OUR GROUP (cont'd)

Major machinery and equipment	Number of machines	Brief description	Net book value as at 31 December 2022 RM'000	Average age as at 31 December 2022 years	Year of purchase years
Bending machine	1	Used to bend steel sheets or strips to desired angles	103	1	2021
Cutting machine	3	Used to cut steel sheets or strips to the required length	94	1	2021
Shearing machine	2	Used to cut length-wise steel sheets to the required width	106	1	2021
<u>Banting Factory</u>					
<u>Roll forming machines</u>					
- Roofing sheets	5	Used to roll-form steel sheets into various profiles such as long run, u-roll bond and crimp curve	174	5	2015 - 2017
- Roof truss	2	Used to roll-form C-purlins, C-sections and battens	8	5	2017
- Scaffoldings	1	Used to roll-form walking boards for scaffoldings	*	9	2013
<u>Others</u>					
Welding machine	13	Used to weld tubes together or tubes with accessories	79	5	2011 - 2022
Stamping machine	12	Used to punch one or more holes in steel strips	91	9	2012 - 2021
Cutting machine	9	Used to cut pipes to the required length	*	10	2012
Automated cutting and stamping machine	3	Used to cut pipes and punch holes to form cross brace members for scaffoldings	*	10	2012
Bending machine	2	Used to bend tubes into desired shapes	*	10	2012
Grinding machine	1	Used to remove the sharp edges or burrs	9	3	2019
Threading machine	1	Used to create threats on pipes for scaffoldings	*	10	2012
Notching machine	1	Used to cut tubes at precise angles in preparation for welding works	*	10	2012
Automated threading and cutting machine	1	Used to create threats and cut pipes to the required length	*	10	2012
<u>Kota Bharu Factory</u>					
<u>Roll forming machines</u>					
- Roofing sheets	4	Used to roll-form steel sheets into various profiles such as long run, u-roll bond and crimp curve	62	9	2013 – 2015
- Roof truss	2	Used to roll-form C-purlins, C-sections and battens	106	6	2016

* Fully depreciated.

6. INFORMATION ON OUR GROUP (cont'd)

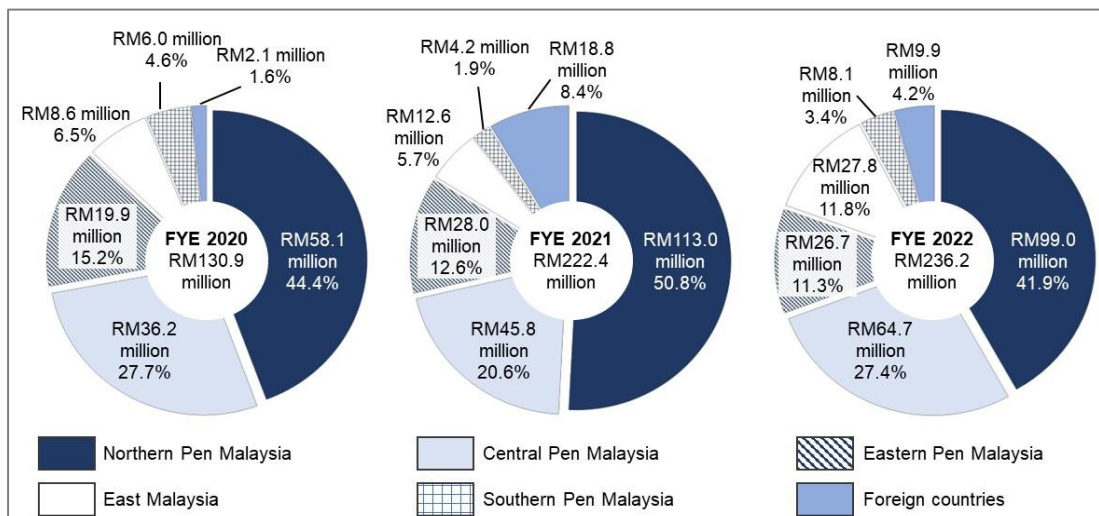
6.5.4 Principal markets

6.5.4.1 Geographical markets and operations

We principally operate in Malaysia where our head office is in Penang. Our operational facilities are located as follows:

Facility	City/town and State	Main operations
Penang 1571 Factory	Sungai Bakap, Penang	Head office, warehouse and manufacturing
Penang 1572 Factory	Sungai Bakap, Penang	Office, warehouse and manufacturing
Banting Factory	Banting, Selangor	Sales office, warehouse and manufacturing
Johor warehouse and office	Johor Bahru, Johor	Sales office and warehouse
Kota Bharu Factory	Kota Bharu, Kelantan	Sales office, warehouse and manufacturing
Kuching warehouse and office	Kuching, Sarawak	Sales office and warehouse
Bintulu warehouse and office	Bintulu, Sarawak	Sales office and warehouse
Kota Kinabalu warehouse and office	Kota Kinabalu, Sabah	Sales office and warehouse

Our revenue segmentation by geographical markets during the Period Under Review is as follows:



Notes:

Northern Pen Malaysia = Penang, Perak, Kedah and Perlis; Central Pen Malaysia = Selangor, Kuala Lumpur, Negri Sembilan; Eastern Pen Malaysia = Kelantan, Pahang, Terengganu; East Malaysia = Sarawak, Sabah; Southern Pen Malaysia = Johor Malacca; Foreign countries = mainly US and others which include Singapore, Indonesia, Australia, Bangladesh, the Philippines, UAE and Brunei.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.4.2 Operational facilities

The following diagram sets out our operational facilities in Malaysia as at the LPD:



The location of our operational facility is as follows:

Companies within the Group	Main functions	Owned/leased	Address
BWYS; BWYS Steel; YS Success	Head office, warehouse and manufacturing facility	Owned	1571, Jalan Serunai Kawasan Perindustrian Valdor 14200 Sungai Jawi Seberang Perai Selatan Penang
YS Global	Office and warehouse, manufacturing of industrial racking systems facility	Owned	No. 1572 Jalan Besar Valdor Mukim 12 14200 Sungai Bakap Seberang Perai Selatan Pulau Pinang
BW Scaffold; BWYS Steel	Sales office, warehouse and manufacturing facility	Owned	No. 112, Jalan 8 Kawasan Perindustrian Olak Lempit 42700 Banting Selangor
BWYS Timur	Sales office, warehouse and manufacturing facility	Owned	Lot PT 5196 Kawasan Perindustrian Pengkalan Chepa Mukim Panchor Seksyen 23 Daerah Kemumin 16100 Kota Bharu Kelantan

6. INFORMATION ON OUR GROUP (cont'd)

Companies within the Group	Main functions	Owned/leased	Address
BW Scaffold; BWYSSB	Sales office and warehouse	Rented	No. 6, Jalan Perniagaan 1/8 Taman Perniagaan Setia (Setia Business Park II) 81100 Johor Bahru Johor
BWYS Steel; BW Scaffold; YS Success	Sales office and warehouse	Rented	Lot 823, Block 7 Muara Tebas Land District Sejingkat Industrial Park 90350 Kuching Sarawak
BWYS Steel; BW Scaffold; YS Success	Sales office and warehouse	Rented	Lot 2656 Block 20 Kemena Land District Bintulu (Kidurong Gateway Industrial Park) Jalan Tg. Kidurong 97000 Bintulu Sarawak
BWYS Steel; BW Scaffold; YS Success	Sales office and warehouse	Rented	Lot 5B, Industrial Zone 7 Lorong Timur 2B Kota Kinabalu Industrial Park 88460 Kota Kinabalu Sabah

6.5.5 Significant products/services introduced

Other than our business activities as stated in Section 6.5.1 above, we have not introduced any other significant products/services as at the LPD.

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6. INFORMATION ON OUR GROUP (cont'd)

6.5.6 Competitive Strengths

(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. We have since developed a customer base of approximately 1,039, 1,151 and 1,614 active customers for the FYE 2020, FYE 2021 and FYE 2022 respectively.

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. While our manufacturing activities are carried out in our manufacturing facility in Penang, Selangor and Kelantan, we can store our manufactured products in our various operational facilities to provide prompt delivery to our customers in the respective regions in Malaysia. These are mainly for popular and fast-moving products for respective regions in Malaysia. This serves as a key advantage for many of our customers who are resellers as they can minimise their stock holding and rely on our prompt delivery from our nearest warehouse across Malaysia.

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. These operational facilities provide us with a key advantage of being closer to our customers and be more effective in serving them as opposed to only having one operational facility to service the whole of Malaysia.

(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.

6. INFORMATION ON OUR GROUP (cont'd)

The main user industry of our manufactured roofing sheets and trusses, and welded pipes is the construction industry, where our customers are mainly resellers and construction companies. Resellers who purchase these products from us will subsequently resell the products to their network of customers, while construction companies mainly purchase these products from us for use in their construction projects. The sales of our manufactured metal products to reseller enables us to widen our geographical reach where they may cover the areas where we do not have operational facilities or where we are underrepresented. Within the building construction industry, we serve the new-build and existing building sectors for commercial, industrial and residential applications.

For industrial racking systems, our customers are mainly storage system providers who purchase industrial racking systems from us and subsequently supply them to their customers. In addition, our customer base for industrial racking systems also includes manufacturers and logistic companies who purchase the industrial racking systems for their use in their factories or warehouse.

As for the supply of scaffoldings, besides construction companies who purchase or rent scaffoldings from us for use in their construction projects, we also serve rental service providers of machinery and equipment who purchase or rent our scaffoldings from us and subsequently resell or rent them to their 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.

(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⁽¹⁾; and
- "Vtruss" for our roof trusses under projects.

Note:

- (1) Our Group has not filed and/or registered the "YS" trademark as Malaysia adopts the first-to-use trademark system. Hence, it is not a mandatory legal requirement to file a trademark application in order to obtain the exclusive right over the use of a mark and that our Group may rely on common law right to assert the trademark rights.

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. These include the "Metech" brand of industrial racking systems sold directly to end-users including manufacturers and logistics companies as well as "Vtruss" brand of roof truss which are mainly sold directly to construction companies.

6. INFORMATION ON OUR GROUP (cont'd)

In addition, as we adopt mostly an indirect distribution channel where we sell our products to resellers such as the "BW" brand of roofing sheets and trusses, "YS Tube" brand of conduit pipes and "YS" brand of welded pipes, we do not come into contact with the ultimate end-users. As such, our branding is important to provide a means for end-users to specify our brands when purchasing products that we manufacture or supply.

One of our business strategies and plans is to expand our sales in foreign markets including several countries in Southeast Asia, Middle East and South America. As such, branding would be important to build market awareness to gradually increase demand for our products in foreign countries.

(e) We have economies of scale for the purchases of sheet coils as input materials for our manufactured products

We mostly use steel coils for our manufactured products. As such we purchase a range of similar input materials used for our manufactured sheet metal products including roofing sheets and trusses, industrial racking systems and welded pipes.

Buying materials in bulk will enable us to obtain better pricing, payment terms and service from our suppliers. For the FYE 2020, FYE 2021 and FYE 2022, the purchases of steel coils accounted for 88.2% (RM75.2 million), 87.7% (RM163.7 million) and 84.5% (RM141.9 million) of our total purchases of input materials and services respectively. Our purchases of steel coils from our top 2 suppliers were RM35.1 million, RM72.1 million and RM93.2 million for the FYE 2020, FYE 2021 and FYE 2022 respectively.

For FYE 2020, FYE 2021 and FYE 2022, our revenue derived from the manufacture of sheet metal products accounted for RM102.0 million (77.9%), RM184.4 million (82.9%) and RM192.0 million (81.3%) of our total revenue respectively.

(f) We have experienced Directors and key senior management to grow our business

We have experienced Directors and key senior management team to grow our business. Our Managing Director, KBH who has more than 30 years of experience in the sheet metal products industry, is responsible for the business strategies, corporate directions and business development of our Group.

Our Managing Director is supported by experienced key senior management as follows:

- Kang Yi Ki, our Executive Director, who brings with her 4 years of experience in sheet metal products industry;
- Lau Ken Wah, our Chief Operating Officer, who brings with him 24 years of experience in operation, information technology, sales and marketing;
- Sim Kay Wah, our Chief Financial Officer, who brings with him 24 years of experience in accounting and finance related functions; and
- Larry Lim Eng Sooi, our Head of Corporate Governance, Affairs and Compliance, who brings with him 31 years of experience in credit administration, corporate governance and compliance.

Please refer to Section 5 of this Prospectus for further details on the profiles of our Directors and key senior management team.

6.5.7 Seasonal or cyclical effects

During the Period Under Review and up to the LPD, we did not experience any material seasonality or cyclical effects in our business.

6. INFORMATION ON OUR GROUP (cont'd)**6.5.8 Types, sources and availability of raw materials**

For the Period Under Review, the input materials and services that we purchased and engaged for our manufacturing business operations are as follows:

Input materials and services	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Steel coils ⁽¹⁾	75,195	88.2	163,712	87.7	141,904	84.5
Other steel products ⁽²⁾	3,502	4.1	12,752	6.8	20,670	12.4
Scaffoldings and related accessories	3,259	3.8	6,343	3.4	2,631	1.6
Coating and painting materials	1,071	1.3	1,775	1.0	511	0.3
Others ⁽³⁾	1,896	2.2	1,884	1.0	1,585	0.9
Input materials	84,923	99.6	186,466	99.9	167,301	99.7
Subcontracted services⁽⁴⁾	359	0.4	224	0.1	533	0.3
Total input materials and services	85,282	100.0	186,690	100.0	167,834	100.0

Notes:

- (1) Including coated cold-rolled steel coils and hot rolled steel coils.
- (2) Including steel pipes, bars and plates.
- (3) Including metal frames for doors and windows, cabins, roofing sheets, wire mesh deckings, bolt and nuts, formwork and plywood.
- (4) Including mainly threading, metal stamping, hot dip galvanising and roll-forming of barrel capping.

For the Period Under Review, our main purchases comprised steel coils which accounted for 88.2%, 87.7% and 84.5% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. Steel coils are imported materials and 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 respectively were sourced from suppliers in foreign countries including China, Korea, Singapore, Taiwan and Japan, while 16.6%, 9.1% and 29.6% of the purchases of steel coils in FYE 2020, FYE 2021 and FYE 2022 respectively were sourced from stockists who import steel coils in Malaysia. For the Period Under Review, these steel coils purchased were used for the manufacture of sheet metal products including roofing sheets and trusses, industrial racking systems and welded pipes.

In addition, we purchased other steel products which are mainly used for the manufacturing of industrial racking systems and fabrication of scaffoldings. The purchase of other steel products accounted for 4.1%, 6.8% and 12.4% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. Of this, 30.8%, 12.6% and 98.0% of the purchases of other steel products for the FYE 2020, FYE 2021 and FYE 2022 respectively were sourced from suppliers in Malaysia, while the remaining 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.

6. INFORMATION ON OUR GROUP (cont'd)

We also purchased scaffoldings and related accessories such as joints and couplers, which accounted for 3.8%, 3.4% and 1.6% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively.

We also purchased coating and painting materials mainly used for the surface finishing of our products. These materials accounted for 1.3%, 1.0% and 0.3% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. The other materials mainly comprised metal frames for doors and windows, cabins, roofing sheets, wire mesh deckings, bolt and nuts, formwork and plywood used for our manufacturing operations accounted for 2.2%, 1.0% and 0.9% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively.

We also engage subcontracted services mainly for threading, metal stamping, hot dip galvanising and roll-forming of barrel capping. The subcontracted services accounted for 0.4%, 0.1% and 0.3% of our total input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively.

The prices of our key material which is steel materials including metal coils is a commodity and are therefore subject to price fluctuations as a result of demand and supply conditions. Please refer to Section 8 of this Prospectus for further details on the risks of fluctuations in the prices of steel materials.

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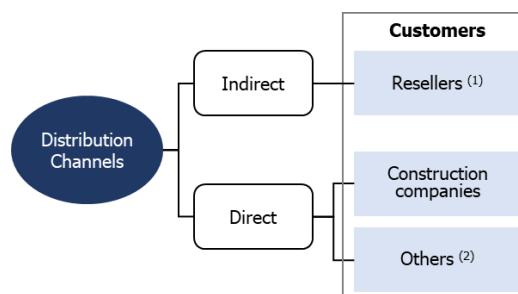
6. INFORMATION ON OUR GROUP (cont'd)

6.5.9 Sales and marketing

6.5.9.1 Distribution channels and customer base

We mainly use indirect distribution channels to market and sell our products.

Indirect distribution channel is where we sell our products to resellers who would subsequently resell them without transformation to end-users or other resellers. Our indirect distribution is mainly sales made to hardware wholesalers and retailers. These resellers mainly serve the trades market involved in new-build or renovation markets in building construction, and warehousing and storage industries.



Through our indirect distribution channel strategy, we can reach a wider end-user market without significant financial investments in sales and support infrastructure and human resources. It also facilitates our products to reach geographical areas domestically and in foreign countries where we do not have operational facilities or are underrepresented.

Notes:

- (1) Mainly hardware wholesalers and retailers.
- (2) Others include manufacturers, property developers, logistics companies, rental service providers of machinery and equipment, restaurants and workshops.

Direct distribution channel is where our customers, mainly construction companies who purchase our manufactured sheet metal, scaffoldings and other products or rent our scaffoldings for use in their construction projects, as well as manufacturers and logistic companies who purchase mainly industrial racking systems for their use in their factories or warehouses.

The revenue contribution by distribution channels and customer types for the Period Under Review is as follows:

Distribution Channel	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Indirect	109,371	83.6	191,149	85.9	189,515	80.2
Resellers ⁽¹⁾	109,371	83.6	191,149	85.9	189,515	80.2
Direct	21,493	16.4	31,286	14.1	46,716	19.8
Construction companies	17,834	13.6	23,259	10.5	31,342	13.3
Others ⁽²⁾	3,659	2.8	8,027	3.6	15,374	6.5
Total revenue	130,864	100.0	222,435	100.0	236,231	100.0

Notes:

- (1) Mainly hardware wholesalers and retailers.
- (2) Others include manufacturers, property developers, logistics companies, rental service providers of rental of machinery and equipment, restaurants and workshops.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.9.2 Marketing strategies and activities

Our marketing strategies and activities are focused on building our customer base to sustain and grow our business. We are mainly targeted at the building construction industry focusing on resellers such as building material wholesalers and retailers, and industrial users such as building construction contractors, and property developers and owners.

We adopt proactive sales and marketing approach to address business opportunities where we maintain business relationships with existing customers as well as proactively follow up on customer referrals from business partners, suppliers and customers. As of the LPD, we have a total of 80 personnel led by Lau Ken Wah who are involved in sales and marketing activities.

Our marketing positioning and strategies are focused on the following:

- We position ourselves as a manufacturer of sheet metal products supported by our manufacturing and supply capabilities offering a range of products comprising roofing sheets and trusses, industrial racking systems, welded pipes and scaffoldings. Our diversified product portfolio provides convenience to our customers where they can source multiple products from us, and at the same time, we aim to maximise sales from each of our customers.
- We provide flexibility to our customers where we extended our supply of scaffoldings to include rental services. Rental of scaffoldings is an attractive option as construction works are mainly project-based and the use of scaffoldings may be irregular. Rental of scaffoldings would eliminate the need for capital expenses in owning scaffoldings and operating expenses in maintaining and storing scaffoldings between projects. In addition, the number of scaffolds required would depend on the size of the project as well as the number of concurrent projects. Thus, our rental services could serve as a cost-effective solution for construction companies to complement their scaffolds.
- We utilise the networks of resellers, who are our customers, to reach a wider geographical market. Our network of resellers includes hardware wholesalers and retailers who would then resell our products to their respective customers or end-users. In this manner, our products would reach a wider user base without significant investment in resources and facilities.
- We have our own brands of products. Branding provides us with visibility through brand awareness in a market where many products are either not branded or brands that have limited awareness. Branding provides us with the platform to develop customer loyalty, create a positive product image and differentiate our products from the others in the market.

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6. INFORMATION ON OUR GROUP (cont'd)

6.5.10 Major approvals and licenses

As at the LPD, save as disclosed below, there are no other major approvals, licences and permits issued to our Group in order to carry out our operations:

(i) Manufacturing licenses issued by MITI

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	BWYS Steel	Manufacturing license for "scaffolding, scaffolding tubes, metal roofing, roof truss, purlin and lipped channel" at Penang 1571 Factory	MITI	A020948	22 June 2017 (effective from 6 March 2017) / None	<p>(a) MITI and MIDA shall be notified of any sale of shares in BWYS Steel.</p> <p>(b) BWYS Steel shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in BWYS Steel.</p> <p>(c) BWYS Steel shall ensure that its capital investment per employee is at least RM140,000.00 by the year 2020.</p> <p>(d) The total full-time workforce of BWYS Steel shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p>	<p>To be complied</p> <p>Complied</p> <p>Complied</p> <p>Waived⁽¹⁾</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(e) BWYS Steel shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.	Noted
2.	YS Success	Manufacturing license "ERW welded pipes and lipped channel" at Penang 1571 Factory	MITI	A019959	18 April 2017 (effective from 20 December 2016) / None	(a) MITI and MIDA shall be notified of any sale of shares in YS Success. (b) YS Success shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in YS Success. (c) YS Success shall ensure that its capital investment per employee is at least RM140,000.00. (d) The total full-time workforce of YS Success shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies. (e) YS Success shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.	To be complied Complied Complied Waived ⁽¹⁾ Noted

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
3.	BW Scaffold	Manufacturing license for "scaffolding and metal roofing" at Banting Factory	MITI	A024521	20 July 2022 (effective from 19 May 2022) / None	<p>(a) MITI and MIDA shall be notified of any sale of shares in BW Scaffold.</p> <p>(b) BW Scaffold shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in BW Scaffold.</p> <p>(c) BW Scaffold shall ensure that its capital investment per employee is at least RM140,000.00.</p> <p>(d) The total full-time workforce of BW Scaffold shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p> <p>(e) BW Scaffold shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.</p>	<p>To be complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
4.	BWYS Timur	Manufacturing license for "metal roofing and accessories" at Kota Bharu Factory	MITI	A024635	7 October 2022 (effective from 21 June 2022) / None	<p>(a) MITI and MIDA shall be notified of any sale of shares in BWYS Timur.</p> <p>(b) BWYS Timur shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in BWYS Timur.</p> <p>(c) BWYS Timur shall ensure that its capital investment per employee is at least RM140,000.00.</p> <p>(d) The total full-time workforce of BWYS Timur shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p> <p>(e) BWYS Timur shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.</p>	<p>To be complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
5.	YS Global	Manufacturing license for "racking, shelving, steel structural, fencing systems and pipes" at Penang 1572 Factory	MITI	A024841	26 January 2023 (effective from 21 July 2022) / None	<p>(a) MITI and MIDA shall be notified of any sale of shares in YS Global.</p> <p>(b) YS Global shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in YS Global.</p> <p>(c) YS Global shall ensure that its capital investment per employee is at least RM140,000.00.</p> <p>(d) The total full-time workforce of YS Global shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p> <p>(e) YS Global shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.</p>	<p>To be complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
6.	BWYS Steel	Manufacturing license for "Metal Roofing and Roof Truss" at Banting Factory	MITI	A025070	28 June 2023 (effective from 12 January 2023) / None	<p>(a) MITI and MIDA shall be notified of any sale of shares in BWYS Steel.</p> <p>(b) BWYS Steel shall train its Malaysian employees to ensure that technology and expertise may be transferred to all job levels in BWYS Steel.</p> <p>(c) BWYS Steel shall ensure that its capital investment per employee is at least RM140,000.00.</p> <p>(d) The total full-time workforce of BWYS Steel shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p> <p>(e) BWYS Steel shall submit information on investment performance and project implementation under the Industrial Co-ordination Act 1975 and MIDA Act when required by MIDA.</p>	<p>To be complied</p> <p>Complied</p> <p>Complied</p> <p>Waived⁽¹⁾</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (cont'd)

<u>No.</u>	<u>Company</u>	<u>Description</u>	<u>Authority</u>	<u>License no. / Reference no.</u>	<u>Issuance date / Expiry date</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
						(f) BWYS Steel shall implement its projects as approved subject to the conditions of this licence and in accordance with other laws and regulations in Malaysia.	Noted

Note:

- (1) Pursuant to the announcement made by MITI dated 18 July 2022 in which MITI has decided to defer this condition to 31 December 2024, BWYS Steel and YS Success had written to MIDA to seek waiver from having comply with such condition. Accordingly, MIDA has by way of its letters dated 31 May 2023 (BWYS Steel) and 15 June 2023 (YS Success) approved the request for such deferment.

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6. INFORMATION ON OUR GROUP (cont'd)

(ii) Registration with / Certificate issued by CIDB

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	BWYS Steel	CIDB Contractor Registration	CIDB	0120180329-PP010843	20 July 2023 / 25 August 2025	(a) The contractor cannot undertake to build any construction project that exceeds the value of the construction work specified under the registration grade and cannot carry out any construction project outside of its registration category.	Complied
		(a) Grade G6, Category B, Specialisation B02, B04					
		(b) Grade G6, Category CE, Specialisation CE21				(b) The contractor must submit information on any construction work or contract within a period of 14 days after being awarded or before commencement of work or whichever is earlier.	Complied
		(c) Grade G6, Category ME, Specialisation M15				(c) The contractor shall appoint skilled construction workers and site supervisors that are accredited and certified by CIDB.	Complied

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
2.	YS Success	CIDB Contractor Registration	CIDB	0120160803-PP177566	11 October 2022 / 10 October 2024	(a) The contractor cannot undertake to build any construction project that exceeds the value of the construction work specified under the registration grade and cannot carry out any construction project outside of its registration category.	Complied
		(a) Grade G3, Category B, Specialisation B04					
		(b) Grade G3, Category CE, Specialisation CE21				(b) The contractor must submit information on any construction work or contract within a period of 14 days after being awarded or before commencement of work or whichever is earlier.	Complied
						(c) The contractor shall appoint skilled construction workers and site supervisors that are accredited and certified by CIDB.	Complied

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
3.	BW Scaffold	CIDB Certificate of Standards Compliance ("PPS") for iron and steel products	CIDB	1210114SL0562	17 January 2023 / 16 January 2024	<p>(a) Understand and comply with the provisions of the CIDB Act 1994 (Amendment 2011), the regulations made thereunder and any terms, conditions or restrictions imposed by CIDB from time to time.</p> <p>(b) Must not deal or undertake to deal, either directly or indirectly, with the construction materials specified in the Fourth Schedule, unless the construction materials have been certified and a valid PPS (not expired) has been obtained.</p> <p>(c) Ensure that the Product Certification / Full Type Test Report issued by a recognised certification body for the construction materials certified in this certificate is always valid.</p> <p>(d) Submit a copy of this PPS certificate to the buyer during supply, marketing, transfer and sale matters as proof that these building materials have been certified by CIDB.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(e) Always cooperate in submitting any information required by CIDB from time to time.	Noted
						(f) Notify CIDB if BW Scaffold intends to terminate, transfer or any change related to its operations and location.	Complied
						(g) Understand and be responsible for products that require continuous compliance with standards (renewal), especially those involving the quality and safety of construction works, workers and the public (Example: scaffolding, ready-mix concrete or other related products).	Noted

6. INFORMATION ON OUR GROUP (cont'd)

(iii) Licensed Manufacturing Warehouse (LMW) issued by Royal Malaysian Customs Department

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	YS Global	LMW for "racking, shelving and fencing systems" at Penang 1572 Factory	Royal Malaysian Customs Department	P78G6 2019 00000 022	28 September 2022 (effective from 1 October 2022) / 30 September 2024	<p>(a) No dutiable goods other than raw materials / components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the LMW.</p> <p>(b) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.</p> <p>(c) At least 80% finished product (by value) are to be exported, and not exceeding 20% of the finished product can be sold in the domestic market as approved. Products sold in the domestic market are subject to any prevailing duties / tax at the time.</p> <p>(d) Disposal of waste including manufacturing waste is subject to the approval of the State Director of Customs.</p> <p>(e) Only one entity is allowed to operate within the premises of LMW. Any partnership with another entity within the same area is not allowed.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (cont'd)

(iv) Business premises and/or trading license issued by the relevant local authorities

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	BWYS Steel	Business premise license at Penang 1571 Factory	Seberang Perai City Council	PRI/02/202212 28/6939	28 December 2022 / 31 December 2023	Nil.	Not applicable
2.	BWYS Steel	Business license for "manufacture of metal roofing, roof truss, cabin and steel hardwares and supply of coils" at Kota Kinabalu warehouse and office	Sabah State Government	719501	08 December 2022 / 31 December 2023	Nil.	Not applicable
3.	BWYS Steel	Trading license for "manufacturing metal iron roofs, steel scaffolding, roof trusses and related steel" at Kuching warehouse and office	Sarawak State Government	1179067	14 April 2023 / 21 May 2024	Nil.	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
4.	BWYS Steel	Trading license for "manufacturing and trading of all kinds of metal sheets and scaffoldings inclusive of all steel related products" at Bintulu warehouse and office	Sarawak State Government	027784	12 September 2023 / 13 October 2024	Nil	Not applicable
5.	BWYS Steel	Business premise license for "manufacturing, processing, selling and provide services" at Banting Factory	Kuala Langat Municipal Council	MPKL/JPL/L68 27(BTG)	18 August 2023 / 31 December 2023	Nil	Not applicable
6.	YS Success	Business premise license at Penang 1571 Factory	Seberang Perai City Council	PRI/02/202212 28/5573	28 December 2022 / 31 December 2023	Nil.	Not applicable
7.	YS Success	Trading license for "supply of scaffolding, cabin and building hardware" at Kota Kinabalu warehouse and office	Sabah State Government	719502	8 December 2022 / 31 December 2023	Nil.	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
8.	YS Success	Trading license for "hardware supply" at Kuching warehouse and office	Sarawak State Government	1175582	14 April 2023 / 20 May 2024	Nil.	Not applicable
9.	YS Success	Trading license for "sale of metal roof sheets and other building related product, and transport agent" at Bintulu warehouse and office	Sarawak State Government	027783	12 September 2023 / 13 October 2024	Nil	Not applicable
10.	BWYS Timur	Business premise license at Kota Bharu Factory	Kota Bharu Municipal Council	01029422	15 December 2022 / 16 January 2024	Nil.	Not applicable
11.	YS Global	Business premise license at Penang 1572 Factory	Seberang Perai Municipal Council	PRI/02/20220704/1447	28 February 2023 / 31 December 2023	Nil.	Not applicable
12.	BW Scaffold	Business premise license at Johor warehouse and office	Johor Bahru City Council	L2023477475	21 May 2023 / 31 December 2023	Nil.	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
13.	BW Scaffold	Trading license for "supply of scaffolding and building materials" at Kota Kinabalu warehouse and office	Sabah State Government	719503	8 December 2022 / 31 December 2023	Nil.	Not applicable
14.	BW Scaffold	Trading license for "as a transportation agent" at Bintulu warehouse and office	Sarawak State Government	021141	10 January 2023 / 9 January 2024	Nil	Not applicable
15.	BW Scaffold	Trading license for "scaffolding" at Bintulu warehouse and office	Sarawak State Government	021140	10 January 2023 / 9 January 2024	Nil	Not applicable
16.	BW Scaffold	Trading license for "trading in scaffolding product" at Kuching warehouse and office	Sarawak State Government	1179066	14 April 2023 / 8 May 2024	Nil	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
17.	BW Scaffold	Business premise license for "factory manufacturing, processing, selling and provide services; research lab; trading office and warehouse" at Banting Factory	Kuala Langat Municipal Council	MPKL/JPL/L64 17(BTG)	18 August 2023 / 31 December 2023	Nil.	Not applicable

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6. INFORMATION ON OUR GROUP (cont'd)

(v) Certificate of Fitness issued by DOSH

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	BW Scaffold	Certificate of Fitness for Hoisting Machine	DOSH	PMA-SL/22 316719	13 November 2022 / 1 February 2024	Nil	Not applicable
2.	BW Scaffold	Certificate of Fitness for Hoisting Machine	DOSH	PMA-SL/22 316720	13 November 2022 / 1 February 2024	Nil	Not applicable
3.	BW Scaffold	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-SL/22 316711	13 November 2022 / 1 February 2024	Nil	Not applicable
4.	BWYS Timur	Certificate of Fitness for Hoisting Machine	DOSH	PMA-KN/23 17362	3 August 2023 / 1 November 2024	Nil	Not applicable
5.	BWYS Timur	Certificate of Fitness for Hoisting Machine	DOSH	PMA-KN/23 17363	3 August 2023 / 1 November 2024	Nil	Not applicable
6.	BWYS Timur	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-KN/23 17364	3 August 2023 / 1 November 2024	Nil	Not applicable
7.	BWYS Timur	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-KN/23 17365	3 August 2023 / 1 November 2024	Nil	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
8.	YS Global	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-PP/23 121030	5 May 2023 / 2 August 2024	Nil	Not applicable
9.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119010	28 March 2023 / 31 May 2024	Nil	Not applicable
10.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119009	28 March 2023 / 31 May 2024	Nil	Not applicable
11.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119008	28 March 2023 / 31 May 2024	Nil	Not applicable
12.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119007	28 March 2023 / 31 May 2024	Nil	Not applicable
13.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119006	28 March 2023 / 31 May 2024	Nil	Not applicable
14.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 119001	28 March 2023 / 31 May 2024	Nil	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)


No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
15.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 127201	10 July 2023 / 9 October 2024	Nil	Not applicable
16.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 114823	20 January 2023 / 13 March 2024	Nil	Not applicable
17.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/22 108885	22 September 2022 / 21 December 2023	Nil	Not applicable
18.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 125311	11 July 2023 / 09 October 2024	Nil	Not applicable
19.	YS Success	Certificate of Fitness for Hoisting Machine	DOSH	PMA-PP/23 126431	25 July 2023 / 9 October 2024	Nil	Not applicable
20.	YS Success	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-PP/23 119004	28 March 2023 / 31 May 2024	Nil	Not applicable
21.	YS Success	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-PP/23 119005	28 March 2023 / 31 May 2024	Nil	Not applicable

6. INFORMATION ON OUR GROUP (cont'd)




No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
22.	YS Success	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-PP/23 119002	28 March 2023 / 31 May 2024	Nil	Not applicable
23.	YS Success	Certificate of Fitness for Unfired Pressure Vessel	DOSH	PMT-PP/23 119003	28 March 2023 / 31 May 2024	Nil	Not applicable

6.5.11 Intellectual Property Rights


As at the LPD, save as disclosed below, our Group has not filed for registration and/or registered any brand names, patents, trademarks or other intellectual property rights:

No.	Registered owner	Type of intellectual property Right	Illustration	Application / Registration no.	Issuing authority	Status
1.	BWYS Steel	Trademark		2010050337	Intellectual Property Corporation of Malaysia	<p>This trademark was registered in BW Steel's name for a period of 10 years from 29 April 2010 to 29 April 2020.</p> <p>This trademark has been renewed for a further 10 years from 29 April 2020 to 29 April 2030.</p>

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property Right	Illustration	Application / Registration no.	Issuing authority	Status
2.	YS Success	Trademark		2016071445 ⁽⁴⁾	Intellectual Property Corporation of Malaysia	This trademark was registered in YS Success' name for a period of 10 years from 14 November 2016 to 14 November 2026.
3.	YS Success	Trademark		2011023220	Intellectual Property Corporation of Malaysia	This trademark was registered in YS Success's name for a period of 10 years from 21 December 2011 to 21 December 2021. This trademark has been renewed for a further 10 years from 21 December 2021 to 21 December 2031.
4.	BW Scaffold	Trademark		2018055403 ⁽⁵⁾	Intellectual Property Corporation of Malaysia	This trademark was registered in BW Scaffold's name for a period of 10 years from 14 March 2018 to 14 March 2028.

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property Right	Illustration	Application / Registration no.	Issuing authority	Status
5.	BWYS Steel	Trademark		TM2023021696	Intellectual Property Corporation of Malaysia	Pending ⁽¹⁾
6.	YS Success	Trademark	YS Tube	TM2023023161	Intellectual Property Corporation of Malaysia	Pending ⁽²⁾
7.	BWYS Steel	Trademark	VTRUSS	2014059844	Intellectual Property Corporation of Malaysia	Pending ⁽³⁾

Notes:

- (1) BWYS Steel has filed the trademark application on 26 July 2023. An application to expedite the examination process has been filed by BWYS Steel on 18 August 2023 in which the application is expected to be completed within 6 months and 3 weeks from the date of filing of the prescribed form in a straightforward case.
- (2) YS Success has filed the trademark application on 7 August 2023. In a straightforward trademark application process, a trademark application will be registered within 1 year from the date of filing.

6. INFORMATION ON OUR GROUP (cont'd)

- (3) Notwithstanding that the trademark has been registered in the name of Visage Industries on 7 July 2014, the trademark has been assigned by Visage Industries to BWYS Steel pursuant to a Deed of Assignment dated 16 August 2023, whereby Visage Industries assigned the rights, title and interest of the trademark to BWYS Steel for a cash consideration of RM10.00. The trademark was assigned together with goodwill of the business connected with and symbolised by the trademark on 16 August 2023.

BWYS Steel, being the assignor of the trademark, has filed the assignment and application to the Intellectual Property Corporation of Malaysia to register the title of the trademark to its name on 21 August 2023. Upon the approval of Intellectual Property Corporation of Malaysia, the trademark will then be registered in the name of BWYS Steel.

- (4) The "YSGP" trademark was previously used on carbon steel welded pipes by YS Global (then known as YS Global Pipes Sdn Bhd) when it commenced business operations in 2015 as a manufacturer of carbon steel welded pipes. As at the LPD, our Group does not use "YSGP" for our products.
- (5) The "PIE" trademark was previously used on scaffolding products by Bekalan PIE Sdn Bhd before the change of its name to BW Scaffold. As at the LPD, our Group does not use "PIE" for our products.

In the event the application for Trademark No. TM2023021696 is not approved, we will use the existing trademark of "BW Brilliant at Work" (logo) (Registration No. 2010050337) which is valid till 29 April 2030.

6.5.12 Dependency on contracts, intellectual property rights, licenses or processes

Save for the major licenses and approvals as set out in Section 6.5.10 of this Prospectus, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licenses or processes.

6.5.13 Research and development

For the Period Under Review and up to the LPD, we have not undertaken any research and development activity as this is not relevant to the nature of our business activities.

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

6.5.14 Regulatory requirements and environmental issues

The relevant laws, regulations, rules or requirements governing the conduct of our Group's business which may materially affect our Group's business or operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations to which our business is subject to.

(i) ICA

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a license in respect of such manufacturing activity. The ICA defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade". Manufacturing companies with shareholders' funds of RM2.50 million and above or that employ 75 or more full-time paid employees are required to apply for a manufacturing license, which are otherwise exempted from having to obtain a manufacturing license pursuant to the Industrial Co-ordination (Exemption) Order 1976 ("**ICA Exemption Order**").

Failure to comply with the aforesaid requirement is an offence under the ICA and, on conviction, the offender is liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six (6) months and a further fine not exceeding RM1,000.00 for every day during which such default continues.

As at LPD, our Group holds manufacturing licenses issued by MITI at our manufacturing facilities as follows:

Manufacturing facilities	Companies within our Group which holds manufacturing licenses
Banting Factory	BW Scaffold, BWYS Steel
Kota Bharu Factory	BWYS Timur
Penang 1571 Factory	BWYS Steel, YS Success
Penang 1572 Factory	YS Global

These manufacturing licenses are valid until its respective expiry dates and will subsequently be renewed. The ICA provides that, if there is a breach of any condition imposed in a manufacturing license, the relevant licensing officer may, at his discretion, revoke said manufacturing license.

BWYS Steel commenced its manufacturing activities at the Banting Factory without a manufacturing license on 31 January 2020. BWYS Steel was under the wrong impression that "fewer than 75 employees" qualification under the ICA Exemption Order is determined based on the number of employees located at the manufacturing sites (rather than total employees of BWYS Steel as a whole). BWYS Steel has obtained the manufacturing license on 5 May 2023.

6. INFORMATION ON OUR GROUP (cont'd)

On the other hand, BWYS Timur commenced its manufacturing activities at the Kota Bharu Factory on 25 June 2011. At the commencement of its manufacturing activities, the shareholders' funds of BWYS Timur were below RM2.5 million and it has less than 75 employees. As such, BWYS Timur was not required to have a manufacturing license at that time. In 2014, BWYS Timur's shareholders' funds exceeded RM2.5 million and accordingly, BWYS Timur no longer qualifies for the exemption from the manufacturing license under the ICA Exemption Order. BWYS Timur had failed to keep track of the requirement under the ICA Exemption Order due to oversight by the Company. That said, BWYS Timur has obtained the manufacturing license on 21 June 2022.

As at the LPD, neither BWYS Steel nor BWYS Timur have been fined or issued with any notice of non-compliances from MITI for these past non-compliances. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that MIDA has provided verbal confirmation that no investigation or action will be and/or have been taken.

(ii) Factories and Machinery Act 1967 ("FMA")

The FMA and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970, provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

In addition, no person shall operate or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. In the case of any contravention, an Inspector of Factories and Machinery (as defined under FMA) shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time a valid certificate of fitness is issued. Further, no person shall install or cause to be installed any machinery in any factory except with the written approval of the Inspector of Factories and Machinery. Pursuant to the FMA, any person who contravenes this rule shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding two (2) years or to both.

For the purposes of the FMA:

- (a) the term "machinery" includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials, but does not include:
- (i) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
 - (ii) any machinery driven by manual power other than hoisting machines;
 - (iii) any machinery used solely for private and domestic purposes; or
 - (iv) office machines; and

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

- (b) the term "materials handling equipment" includes any power driven equipment for handling materials, and includes forklift, conveyor, stacker, excavator, tractor, dumper or bulldozer but does not include hoisting machine.

BW Scaffold has commenced operating the machinery which required CF for its manufacturing activities at the Banting Factory without the required CF from 1 June 2022 until 13 November 2022. On the other hand, YS Global has commenced operating the machinery which required CF for its manufacturing activities at the Penang 1572 Factory without the required CF from 1 June 2022 until 5 May 2023. BW Scaffold and YS Global had obtained the required CF on 13 November 2022 and 5 May 2023 respectively.

As at the LPD, neither BW Scaffold nor YS Global have been fined or issued with any notice of non-compliances from DOSH for these past non-compliances. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that DOSH Selangor and DOSH Penang have provided verbal confirmation that no investigation or action will be and/or have been taken.

Save as disclosed above, since the commencement of operations of our Group and as at the LPD, there has been no non-compliance by our Group in relation to the FMA.

That said, the Factories and Machinery (Repeal) Act 2022 ("**FMA Repeal Act**") received Royal Assent on 4 March 2022 and had been gazetted on 16 March 2022. However, the date on which the FMA Repeal Act comes into operation has yet to be appointed and gazetted. The FMA Repeal Act shall repeal the FMA. Any registration made, or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued under the FMA shall, on the coming into operation of the FMA Repeal Act, be dealt with under the Occupational Safety and Health Act 1994 and its subsidiary legislations, which shall be the law of reference for all matters related to safety and welfare of persons at work.

(iii) **Occupational Safety and Health Act 1994 ("OSHA")**

The OSHA makes provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, and to promote an occupational environment for persons at work which is adapted to their physiological and psychological needs.

Pursuant to OSHA, it shall be the duty of every employer to conduct his undertaking (including provision and maintenance of systems of work) in such a manner as to ensure, so far as is practicable, that he and other persons, not being his employees, who may be affected thereby are not exposed to risks to their safety or health. Every employer who provides, maintains or imports any machinery, equipment or appliance for use at work shall ensure that the same (and the installation thereof) is safe and without risks to health when properly used, carry out testing and examination as may be necessary, and ensure that the results of such tests are available.

It shall be the duty of every employer to prepare a general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy. Such safety and health policy shall be revised as often as it may be appropriate and shall be brought to the notice of all employees.

The OSHA also requires a company to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

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

Similar to the FMA Repeal Act, the Occupational Safety and Health (Amendment) Act 2022 ("**OSH Amendment Act**") had received the Royal Assent on 4 March 2022 and had been gazetted on 16 March 2022. However, the date on which the OSH Amendment Act comes into operation has yet to be appointed and gazetted. The OSH Amendment Act shall provide for, amongst others, the following:

- (a) a right to an employee to remove himself from the danger or the work if he has reasonable justification to believe that there exists an imminent danger at his place of work, and the employer has failed to take any action to remove the danger;
- (b) the obligation of an employer to conduct a risk assessment in respect of the safety and health risk posed to any person who may be affected by his undertaking at the place of work and the implementation of risk control to eliminate or reduce said safety and health risk; and
- (c) provisions relating to notification of occupation of place of work, and installation and inspection of plants, including the prescription of any plant for which a certificate of fitness is required.

Since the commencement of operations of our Group and as at LPD, there has been no non-compliance by our Group in relation to the OSHA 1994. Our Group has formulated and put in place a set of documented standard operating policies and procedure on occupational safety, health and environmental plan. We have established a Safety and Health committees and a certified safety and health officer has been appointed to monitor the safety and health related matter of our Group.

(iv) **Street, Drainage and Building Act 1974 ("SDBA")**

The SDBA is enforced by the local authorities of Peninsular Malaysia and provides for the requirement of having CCC for the occupation of any building or any part thereof.

Pursuant to the SDBA, a person who occupies a premise without a CCC is subject to a fine of up to RM250,000.00, imprisonment for a term of up to 10 years, or both.

A CCC had been granted to DNC Asiatic Holdings Sdn Bhd ("**DNC**"), the previous owner of the Banting Factory. Thereafter, BW Scaffold acquired the Banting Factory from DNC on 31 January 2019. Subsequent to the completion of the purchase of the Banting Factory, BW Scaffold has made certain alterations and/or modifications (changes to the interior and facades of the building) to the Banting Factory ("**Modified Site**") which required a new CCC for the Modified Site ("**New CCC**"). BW Scaffold has obtained the New CCC on 31 July 2023.

As at the LPD, BW Scaffold has not been fined or issued with any notice of non-compliances from Kuala Langat Municipal Council for this past non-compliance. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that KLMC has provided verbal confirmation that no investigation or action have been and/or will be taken.

Save as disclosed above, since the commencement of operations of our Group and as at the LPD, there has been no non-compliance by our Group in relation to the SDBA.

(v) **Local Government Act 1976 ("LGA")**

Pursuant to Section 102(s) of the LGA, the relevant local authorities may control and supervise, by registration, licensing or otherwise, a trade, business or industry. Pursuant to Section 104 of the LGA, any person who breaches any by-law commits an offence and shall, on conviction, be liable to a fine not exceeding RM2,000.00 or imprisonment for a term of not more than one (1) year or both and a fine of RM200.00 every day during which such offence is continued after conviction.

6. INFORMATION ON OUR GROUP (cont'd)

Previously, BW Scaffold and BWYS Steel held temporary business licenses for the operation of their business at the Banting Factory. The temporary business licenses were issued by the Kuala Lumpur Municipal Council to BW Scaffold and BWYS Steel as the issuance of the permanent licences requires the letter of support from the Fire and Rescue Department of Malaysia and Department of Environment, and subsequently the New CCC (as defined in paragraph (iv) above), which were pending. The temporary business license of BW Scaffold had expired on 22 June 2023 whereas the temporary business license of BWYS Steel had expired on 13 May 2023.

The representatives of the Group had submitted applications to renew the temporary business licenses for BW Scaffold on 2 June 2023 and BWYS Steel on 20 April 2023 respectively but the Kuala Langat Municipal Council would only issue the permanent business licenses which application can only be submitted by the Group after receipt of the New CCC (as defined in paragraph (iv) above). The permanent business licenses have been obtained on 18 August 2023.

As at the LPD, neither BW Scaffold nor BWYS Steel have been fined or issued with any notice of non-compliances from the Kuala Langat Municipal Council for these past non-compliances. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that Kuala Langat Municipal Council has provided verbal confirmation that no investigation or action will be and/or have been taken.

As at LPD, our Group holds valid business licenses issued by relevant local authorities. These business licenses are valid until its respective expiry dates and will subsequently be renewed.

Save as disclosed above, since the commencement of operations of our Group and as at the LPD, there has been no non-compliance by our Group in relation to the LGA.

(vi) Environmental Quality Act 1974 ("EQA")

The EQA and the regulations made thereunder provide for the prevention, abatement, control of pollution and enhancement of the environment, and for the purposes connected therewith. Amongst others, the Environmental Quality Act 1974 regulates the discharge of certain categories of waste as set out in the Environmental Quality (Scheduled Wastes) Regulations 2005 ("**Scheduled Wastes Regulations**"), as well as the emission of air pollutants as set out in the Environmental Quality (Clean Air) Regulations 2014 ("**Clean Air Regulations**") which is applicable to industrial plants.

Pursuant to the Scheduled Wastes Regulations, every generator of scheduled wastes shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated. Further, a generator of scheduled wastes shall keep accurate and up-to-date inventory of the categories and quantities of scheduled wastes being generated, treated and disposed of and of materials or product recovered from such scheduled wastes for a period of up to three (3) years from the date the scheduled wastes were generated.

Pursuant to the Clean Air Regulations, an owner or occupier of a premise shall not, without giving prior written notification to the Director General of Environmental Quality, amongst others, carry out any work on any premises that may result in a source of emission. The written notification shall be submitted to the Director General of Environmental Quality not less than 30 days before the commencement of such work. Further, every premises shall be equipped with an air pollution control system in accordance with the specifications as determined by the Director General of Environmental Quality. The owner or occupier of the premises and the professional engineer shall, within 30 days after the commencement of operations at the premises, submit a written declaration to the Director General of Environmental Quality certifying that the design and construction of the air pollution control system have complied with the required specifications.

6. INFORMATION ON OUR GROUP (cont'd)

On 5 November 2020, YS Success received a compound of RM100,000 from the Department of Environment for failing to notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated within 30 days from the date of generation of scheduled wastes. YS Success has fully settled the claimed sum on 10 November 2020 and hence our Directors are of the view this matter will not materially disrupt the business operations or financial condition of the Group.

Save as disclosed above, since the commencement of operations of our Group and as at the LPD, there has been no non-compliance by our Group in relation to the EQA.

(vii) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAAA 1990")

The EMSHAAA 1990 and the regulations made thereunder require employers and centralised accommodation providers to comply with the minimum statutory requirements relating to centralised accommodation provided to employees. The EMSHAAA 1990 defines a "centralised accommodation provider" as any person who provides and manages any building used for the housing of employees employed by one or more employers and supervises the services provided in such building for one or more employers but does not include an employer who provides accommodation for his own employees.

The EMSHAAA 1990 was amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 which provides that, effective from 1 June 2020, employers must abide by enhanced minimum standards of accommodation for employees, including obtaining a Certificate of Accommodation ("COA") from the Department of Labour Peninsular Malaysia. Further, an employer shall within 30 days from the date an accommodation is occupied by his employee, inform the Director General of Labour of such occupation.

Pursuant to Section 24D(3) of the EMSHAA 1990, an employer who contravenes Section 24D(1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00.

The existing building at the Banting Factory was used by BW Scaffold as workers accommodation for its foreign workers from 2 March 2020 to 31 March 2023, without a COA. Following the transfer of foreign workers as disclosed in paragraph (xiii) below, the foreign workers have been staying at the existing building at the Banting Factory, without a COA from December 2022 to March 2023. In light that the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 only came into force on 1 June 2020, the period in which BW Scaffold was not in compliance with the amended act was from 1 June 2020 to 31 March 2023 while BWYS Steel and YS Success were not in compliance with the amended act from December 2022 to 31 March 2023.

To accommodate its foreign workers at the Banting Factory, BW Scaffold has entered into a tenancy agreement dated 1 April 2023 with MBJ Resources Sdn Bhd for the rental of a centralised accommodation which possesses a valid COA for a tenancy period commencing from 1 April 2023 until 30 September 2023 and subsequently renewed for a further term to 31 March 2024. As at the LPD, our Group is in compliance with the EMSHAAA 1990.

As at the LPD, BW Scaffold, BWYS Steel and YS Success have not been fined or issued with any notice of non-compliances from the Department of Labour for this past non-compliance. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that the foreign workers have been relocated to the third-party accommodation provider which possesses a valid COA and that the Department of Labour, Klang, Selangor has provided its verbal confirmation that no investigation or action will be and/or have been taken.

6. INFORMATION ON OUR GROUP (cont'd)

(viii) Fire Services Act 1988 ("FSA")

The FSA provides for the effective and efficient functioning of Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies. The FSA provides, amongst others, that a fire certificate be issued only after the designated premises (for example, shops and factories) have been inspected and the department is satisfied that there are adequate fire-fighting equipment or fire safety installation in relation to the use of the designated premises.

Where there is no fire certificate in force in respect of a designated premises, the owner of such premises may be liable to a fine of up to RM50,000.00 or imprisonment of up to five (5) years (or both). Fire and Rescue Department also has a general authority to order or direct the owner or occupier of any premises to cease any activities if Fire and Rescue Department is satisfied that, amongst others, any continued activity would constitute an immediate danger of fire prejudicial to the safety of life or property.

In addition, pursuant to the FSA, the owner or occupier of a designated premises shall establish a fire safety organisation.

Since the commencement of operations of our Group and as at the LPD, our Group is in compliance with the relevant laws, rules and regulations under FSA and requirements governing the conduct of our Group's business and environmental issues which may materially affect our Group's business or operations, and where applicable, has complied with the conditions imposed thereunder.

(ix) Customs (Prohibition of Import) Order 2023 ("Order")

The Order sets out that the requirements to be complied by importers in relation to importation of certain goods to Malaysia. Based on the Order, importation into Malaysia of certain goods originating from certain countries is prohibited, except in a specific manner, i.e. "accompanied by a certificate of approval or a letter of exemption issued by or on behalf of the Chief Executive of the Construction Industry Development Board for the construction sector or SIRIM Berhad for non-construction sector." That said, such requirement does not apply to free commercial zones.

Since the commencement of operations of our Group and as at the LPD, our Group is in compliance with the Order.

(x) Construction Industry Development Board Act 1994 ("CIDBA")

The CIDBA was implemented to offer CIDB expertise in the construction industry in Malaysia. All construction materials listed in the Fourth Schedule of CIDBA are required to obtain CIDB's Certificate of Standards Compliance. The Fourth Schedule includes scaffoldings, which requires conformity to the MS 1462 series of standards.

Since the commencement of operations of our Group and as at the LPD, our Group complies with CIDBA and has obtained the relevant certificates from CIDBA. Please refer to Section 6.5.10(ii) of this Prospectus for further details.

(xi) Customs Act 1967 ("CA 1967")

Pursuant to the CA 1967, whenever through inadvertence, error, or for any other reason, misconstruction on the part of any officer of customs, or through unintentional misstatement as to value, quantity or description by any person, or for any other reason, the whole or any part of any customs duty, surcharge, penalty, fee or other money payable under CA 1967 have not been paid, the Director General of RMCD may allow the amount to be paid by instalments, subject to such conditions, in such amounts and on such dates as he may determine.

6. INFORMATION ON OUR GROUP (cont'd)

By way of a letter dated 23 March 2021 issued by the RMCD to YS Success, YS Success is found to have underpaid import duty and goods and services tax ("**GST**") for the taxable period from July 2017 to June 2020. YS Success failed to comply with the conditions for import duty exemption on raw materials / components to produce finished products that are not subject to import duty. Pursuant to Section 17(1) of the CA 1967 and the letter dated 23 March 2021 issued by the RMCD to YS Success, YS Success is required to pay the shortfall in import duty amounting to RM4,898,432.23 pertaining to transactions that occurred in FYE 2018 and FYE 2019. By way of a letter dated 5 September 2022 issued by the Ministry of Finance to YS Success, the Ministry of Finance approved YS Success' application for remission on the excess import duty and GST amounting to RM4,898,432.23, and required YS Success to pay 20% of the value of raw materials used for export amounting to RM97,968.64 instead. By way of a letter dated 6 October 2022 issued by the RMCD to YS Success, RMCD acknowledged that YS Success has settled the claim sum of RM97,968.64 (import duty) and RM76,937.77 (GST) on 5 October 2022, of which RM59,879.32 (import duty) and RM76,937.77 (GST) relates to FYE 2018 and RM38,089.32 (import duty) relates to FYE 2019.

YS Success has fully settled the claimed sum and hence our Directors are of the view that this matter will not materially disrupt the business operations or financial condition of the Group.

Save as disclosed above, since the commencement of operations of our Group and as at the LPD, there has been no non-compliance by our Group in relation to the CA 1967.

(xii) Employment (Restriction) Act 1968 ("ERA")

ERA expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit. Failure to obtain the said employment permit is an offence which upon conviction, is punishable by a fine not exceeding RM 5,000 or imprisonment for a term not exceeding one (1) year or both.

Since the commencement of operations of our Group and as at the LPD, our Group is in compliance with ERA.

(xiii) Immigration Act 1959 ("IA")

The employment of foreign workers in Malaysia shall also be subject to the IA that regulates the immigration matters in Malaysia. The IA provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to the IA.

Pursuant to Section 55E(1) of the IA, no occupier shall permit any illegal immigrant to enter or remain at any of its premises. As such, a company has an obligation to ensure that the employees that are present at its premises hold valid work permits and have the corresponding right to legitimately be present at the premises to render their services. Pursuant to Section 55E(2) of the IA, an occupier who contravenes Section 55E(1) shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM5,000.00 and not more than RM30,000.00 or to imprisonment for a term not exceeding 12 months or to both for each illegal immigrant found at the premises.

As at December 2022, BWYS Steel and YS Success have collectively employed 32 foreign workers to work at the Penang 1571 Factory. Subsequent thereto, notwithstanding the location that is stipulated in their respective work permits:

6. INFORMATION ON OUR GROUP (cont'd)

- The foreign workers of BWYS Steel were transferred from the Penang 1571 Factory to work at Banting Factory; and
- The foreign workers of YS Success were transferred to BW Scaffold to work at the Banting Factory.

All the foreign workers of BWYS Steel and YS Success had been transferred back from the Banting Factory to the Penang 1571 Factory as per their work permits in July 2023.

As at the LPD, neither BWYS Steel nor YS Success have been fined or issued with any notice of non-compliances from the Department of Immigration for this past non-compliance. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that the foreign workers have been transferred back to the location as per their work permit and the Department of Immigration has provided verbal confirmation that no investigation or action will be and/or have been taken.

Save as disclosed above, there are no non-compliances with the aforesaid laws, regulations, rules and requirements since the commencement of operations of our Group and as at the LPD and there are no other regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets.

6.5.15 Interruptions to our business and operations

Save for the temporary disruptions to our operations arising from the COVID-19 and interruptions in industrial racking systems finishing processing operations as disclosed below, we did not experience any material interruptions to our business and operations during the Period Under Review up to the LPD.

(a) Effects of COVID-19 on our business operations in Malaysia

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. Commencing from 18 March 2020, the Government of Malaysia implemented measures to reduce COVID-19 transmission in the country, which included, among others, controls on the movement of people within Malaysia, controls on international travel, and restrictions on business, government, educational, cultural, recreational and other activities. Our business operations in Malaysia were temporarily interrupted by these measures.

The first MCO period was from 18 March 2020 to 3 May 2020, and the control measures implemented included, among others, the closure of all businesses except for those classified as essential services or that have received written approval from the MITI to operate, restrictions on the movement of people in Malaysia, and restrictions on international travel into and out of Malaysia.

We closed our operational facilities on 18 March 2020 pursuant to the first MCO. Our staff who performed executive, administrative and sales and marketing functions worked from home, whenever possible, while our trading operations at our warehouses and manufacturing activities at our operational facilities were temporarily halted. Subsequently, we resumed operations on the 20 April 2020 upon receiving the written approvals from MITI to operate while following the relevant standard operating procedures ("**SOP**") and guidelines.

From 4 May 2020 up to June 2021, the MCO went through various phases in Malaysia including Conditional MCO ("**CMCO**"), Recovery MCO ("**RMCO**") and Enhanced MCO ("**EMCO**") where restrictions were relaxed or tightened for specific states, districts and/or locations, based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government of Malaysia announced the National Recovery Plan ("**NRP**"), a phased exit strategy from the COVID-19 pandemic consisting of four phases where restrictions were gradually eased in each phase. Subsequently, on 1 April 2022, the Government of Malaysia announced that

6. INFORMATION ON OUR GROUP (cont'd)

Malaysia was in the "Transition to Endemic" phase where all economic sectors are allowed to operate, and interstate and international travel are allowed, subject to adherence to the relevant SOP and guidelines.

During the various phases of the MCO including CMCO, RMCO and EMCO, the NRP and the Transition to Endemic Phase, we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods.

(b) Effects of COVID-19 on our supply chain

We manage our supply chain to ensure that we will have sufficient stocks of input materials to meet our manufacturing and processing schedules, as well as sufficient finished products for our trading operations, in order to fulfil the delivery obligations as per our purchase orders.

From 18 March 2020 and up to the LPD, we did not face any material disruptions to our supply chain that were related to COVID-19 due to our inventory forecasting and planning. In addition, our inventory levels were sufficient for normal trading, manufacturing and processing operations and able to meet all customers' orders without undue delays. As at the LPD, we have not experienced any material disruptions in fulfilling our orders.

(c) Effects of COVID-19 on our financial performance

During the various phases of the MCO, our Group incurred COVID-19 related expenses amounting to approximately RM0.2 million for the purchase of personal protective equipment, COVID-19 Antigen Rapid Self-Test kits, body temperature measurement devices, COVID-19 vaccination, COVID-19 tests for our employees, accommodation and transportation for infected employees as well as cleaning agents and sanitisation services for our offices and manufacturing facilities.

We did not experience any material negative impact on our financial performance from the various disruptions on our manufacturing and business activities due to the COVID-19, as demonstrated by our increase in revenue in our sales from RM130.9 million in FYE 2020 to RM 236.2 million in FYE 2022.

Our Group had also received subsidies from the Malaysian government's Wages Subsidy program amounting to approximately RM0.8 million in FYE2020 and RM0.1 million in FYE2021 respectively.

(d) Interruptions in industrial racking systems finishing processing operations due to the breakdown of our automated powder coating line

In February 2022, we experienced interruptions in industrial racking systems finishing processing operations due to the gearbox breakdown of our automated powder coating line at our Penang 1571 Factory. The automated powder coating line is to carry out final surface finishing process as part of our industrial racking systems manufacturing.

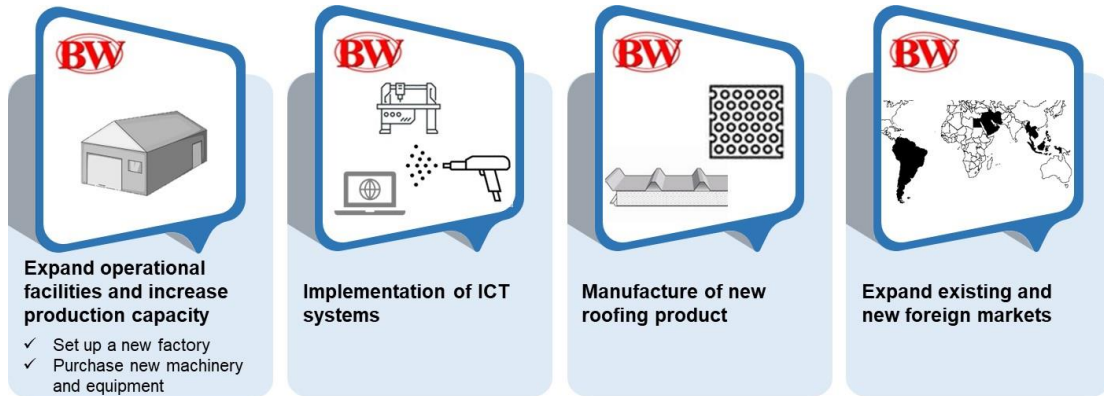
The automated powder coating line was suspended for approximately 2 weeks and this has consequently impacted our delivery of products to our customers. We engaged with our customers and deferred the delivery of confirmed purchase orders to a later date. The total deferred purchase orders were RM0.45 million, and these deferred purchase orders were subsequently fulfilled in the following month. We were not subjected to any penalty and/or losses as a result of the breakdown of our automated powder coating line. In order to catch up with our delivery schedules including those which have been deferred, we operated 2 shifts for approximately 2 weeks to fulfil the delivery of the deferred purchase orders. The total costs incurred for the repair and replacement of the gearbox for the automated powder coating line was approximately RM43,550.

6. INFORMATION ON OUR GROUP (cont'd)

6.6 BUSINESS STRATEGIES AND PLANS

Moving forward, we will continue our existing business in the manufacturing of sheet metal product and supply of scaffoldings operations. We also have put in place strategies and plans to sustain and grow our business as follows:

Our business strategies and plans



6.6.1 Expand operational facilities and increase production capacity

6.6.1.1 Set up a new factory

As at the LPD, we have 4 manufacturing with warehousing facilities, and another 4 warehousing facilities in Malaysia. In 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.

Part of our strategies is to expand our sheet metal product manufacturing facilities by constructing a new factory, namely New Penang Factory, on the said 4.5-acre of the remaining vacant land, which will be adjacent to our existing Penang 1572 Factory, while the remaining 3.5-acre land will comprise the car park area, access road, guard house and electric supply substation. The New Penang Factory will have a total built-up area of approximately 197,153 sq ft, which consist of 1 block single storey factory with double storey office ("**Block 1**"), as well as 1 block single storey factory and office.

We expect to house our new continuous PU foam sandwich panel production line in Block 1. We also expect to relocate our existing machinery and equipment for our industrial racking systems manufacturing operations in Penang 1572 Factory and our roofing sheets and trusses manufacturing operations in Penang 1571 Factory to Block 1 within 12 months after the completion of the construction of our New Penang Factory. Following the relocation of the roofing sheets and trusses manufacturing operations from Penang 1571 Factory to the New Penang Factory, the Penang 1571 Factory will house the industrial racking systems and welded pipes manufacturing operations.

The increase in warehouse space is partly due to the freeing of space in Penang 1571 Factory following the relocation of existing machinery and equipment to the New Penang Factory. Subsequently, the total warehouse space in Penang 1571 Factory will amount to 57,040 sq ft which will be used as storage facilities for our raw materials as well as finished goods for our sheet metal product manufacturing mainly welded pipes.

6. INFORMATION ON OUR GROUP (cont'd)

In addition, the New Penang Factory will require warehouse space to accommodate the relocated manufacturing activities from the Penang 1571 Factory and Penang 1572 Factory as well as the newly installed production line. The total warehouse space in the New Penang Factory will amount to 93,191 sq ft. The additional warehouse space will allow us to accommodate a higher level of inventories following the increase in production capacity.

The total cost for the above setting up of New Penang Factory including construction and renovation is estimated at RM[•] million (based on quotations obtained from respective contractors and suppliers for the construction and renovation work) which will be partially funded via RM[•] million from our IPO proceeds while the remaining via bank borrowings.

Please refer to Section 4.9.1(1)(a) for further details on the construction of the New Penang Factory.

6.6.1.2 Purchase new machinery and equipment

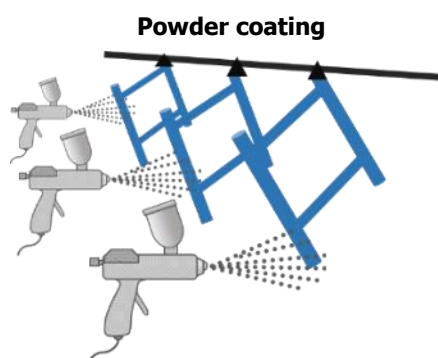
(i) New automated powder coating line

As at the LPD, we have one automated powder coating line which is installed at our Penang 1571 Factory used for our industrial racking systems. Our powder coating system provides decorative finishes as well as resistance to corrosion and abrasion.

Part of our facility expansion plans is to purchase and install a new automated powder coating line at our New Penang Factory to cater for expected business expansion for our industrial racking systems.

The new automated powder coating lines will use a conveyor system to transport the metal parts from one station to the next station as follows:

- preparation station including loading area for the metal parts to be coated;
- pre-treatment station using vertical spray shower type;
- drying oven before coating using hot air circulation method to eliminate residual moisture and prepare the parts for powder coating;
- powder spray booth using compressed air powder guns;
- curing oven; and
- unloading area of coated metal parts.



The total cost for the purchase of new automated powder coating lines is estimated at RM[•] million (based on vendor's quotation) which will be fully funded from our IPO proceeds.

(ii) New roll forming machines and related equipment

For the Period Under Review, our revenue contribution from the manufacture of roof trusses accounted for RM11.4 million (8.7%), RM47.8 million (21.5%) and RM49.9 million (21.1%) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively, while the revenue from the manufacture of industrial racking systems amounted to RM18.0 million (13.8%), RM40.6 million (18.3%) and RM48.9 million (20.7%) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.

6. INFORMATION ON OUR GROUP (cont'd)

Part of our strategy is to continue leveraging on our competency to expand and grow our business. In this respect, we intend to purchase new machines mainly roll forming machines to replace our existing machines for the manufacture of roof trusses in the Banting Factory and retire some of our existing machines in the Penang 1571 Factory, as well as new related equipment for the manufacture of roof trusses and industrial racking systems. The new roll forming machines that we intend to purchase will replace both of our existing roll forming machines for the manufacture of roof trusses at the Banting Factory and this will increase our annual capacity for the manufacture of roof truss at the Banting Factory from 6,444 tonnes to 8,554 tonnes. As for the new roll forming machines for the manufacture of industrial racking systems at the Penang 1571 Factory, these are to retire 2 of our existing roll forming machines with average age of 9 years.

The total cost for the purchase of new roll forming machines and related equipment is estimated at RM[•] million (based on vendor's quotation) which will be funded fully from our IPO proceeds.

Please refer to Section 4.9.1(1)(b) for further details on the purchase of new machinery and equipment.

6.6.2 Implementation of ICT systems

Part of our strategies is to integrate our business processes as well as to digitalise our production and inventory management where the existing administrative processes are primarily manual. In this respect, we intend to invest in ICT systems including new ERP system as well as the implementation of production and inventory management systems to facilitate tracking and tracing of incoming raw materials and finished products to improve our production workflow where we can trace and identify all movements and processes carried out at our manufacturing facility.

With the implementation of the new systems, we will be able to monitor every stage of the manufacturing process, beginning from the incoming raw materials till the delivery of the finished goods to our customers. The implementation of the systems will create a network to link our manufacturing facility including the manufacturing execution system and inventory management system, which will enable us to monitor and trace the entire manufacturing process in real-time as well as movement of our inventories.

The total cost for new ERP system and implementation of the production and inventory management systems is estimated at RM[•] million (based on vendor's quotation) which will be funded fully from our IPO proceeds.

Please refer to Section 4.9.1(1)(c) for further details on the implementation of new ERP system, production and inventory management systems.

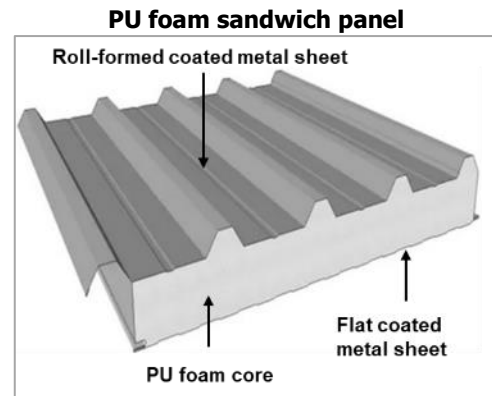
6.6.3 Manufacture of new roofing products

For the Period Under Review, roofing sheets were our major revenue contributors which accounted for RM50.5 million (38.6%), RM74.1 million (33.3%) and RM65.4 million (27.7%) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.

Part of our strategies is to expand our range of roofing products by venturing into the manufacture of PU 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 sell our products through our resellers' network to gain geographic reach for our products.

6. INFORMATION ON OUR GROUP (cont'd)

Our new PU foam sandwich panels refers to a rigid core made of PU foam which are sandwiched between either two metal sheets or a metal sheet and a polyvinyl chloride (PVC) sheet to provide insulation from heat and noise. Commonly one side of the metal sheet has a profile while the other side is flat. They are commonly used for roofing. Heat insulation in roofing is a major advantage in reducing heat emanating from the roof. Sound insulation for the roof is also a major advantage as it absorbs some of the noise when rain falls on the metal roof. When used as walls, it mainly provides noise insulation as well as physical partitioning.



We intend to install two integrated PU foam sandwich panel production lines and the new PU foam sandwich panels be manufactured at the Banting Factory and New Penang Factory in Penang with an estimated production capacity of 1,700 tonnes per year for each production line. We intend to purchase and install integrated automated machine with roll-forming, integrated production and application of PU foam for the core, and subsequently sandwiching the PU foam core with a flat metal sheet or PVC sheet.

The production line consists of the following machinery and equipment to perform various processes:

- (i) two decoilers to feed one continuous metal sheet into the roll-forming machine to form the bottom profiled metal sheet and the other to a series of rollers to become the top flat metal sheet;
- (ii) roll forming machine to form the bottom metal sheet into the desired profile;
- (iii) preheating of the rolled-formed metal sheet;
- (iv) PU foaming machine to manufacture and dispense the PU foam onto the underside of the roll-formed metal sheet;
- (v) flat metal sheet is placed on top of the cured PU foam;
- (vi) presser to compress the PU foam between the flat metal sheet or PVC sheet and rolled-formed metal sheets, and side plates to prevent the PU foam from expanding sideways; and
- (vi) completed PU foam panel is cut to length and cooled for subsequent storage.

The total cost for the purchase and installation of the two integrated PU foam sandwich panel production lines is estimated at RM3.0 million (based on vendor's quotation) which will be funded using our internally generated fund. As at the LPD, we have placed order for one production line which is expected to commence installation at the Banting Factory by second quarter of 2024 and complete by fourth quarter of 2024. As for the other production line at the New Penang Factory, the installation is expected to commence in the first quarter of 2026 and complete by third quarter of 2026.

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6. INFORMATION ON OUR GROUP (cont'd)

6.6.4 Expand existing and new foreign market

For the Period Under Review, we mainly serve customers in Malaysia where our domestic revenue contribution accounted for RM128.8 million (98.4%), RM203.7 million (91.6%) and RM226.3 million (95.8%) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively.

In addition to our domestic revenue, we also generated export earnings which accounted for RM2.1 million (1.6%), RM18.8 million (8.4%) and RM9.9 million (4.2%) of our total revenue for FYE 2020, FYE 2021 and FYE 2022 respectively. Our export sales were mainly derived from sales of industrial racking systems to the United States in FYE 2021 and FYE 2022, and welded pipes to Singapore in FYE 2020.

Part of our strategies is 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 including existing and new customers to utilise their networks to gain access without our need to invest in resources and facilities in foreign countries.

We have already started to gain some access to countries including Indonesia, Singapore, the Philippines and Brunei within the SEA region, as well as the UAE and Saudi Arabia within the Middle East region where we had derived a small proportion of our revenues for the Period Under Review. We will continue to target these countries through our existing customers who are mainly resellers, as well as expanding our customer base through proactive sales and marketing as well as participation in exhibitions or trade shows. Please refer to Section 6.5.4.1 of this Prospectus for further details on revenue by geographical markets.

Expansion of our existing and new foreign markets are continuous where we sell our products through our existing customers and at the same time continue our marketing efforts to secure new customers. The estimated cost for foreign market expansion (mainly participation in exhibitions or trade shows) is minimal and we intend to utilise internally generated funds for our foreign market expansion. However, the estimated costs and its breakdown cannot be determined at this juncture and will depend on the requirement of the Group at the relevant time.

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

6.7 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Group for the Period Under Review and up to the LPD:

- (a) Sale and purchase agreement dated 1 July 2021 entered into between Amanah Raya Berhad (as vendor) and BWYS Steel (as purchaser) for the purchase of Lot 1215 Land, a three storey detached factory cum office building annexed single storey warehouse and ancillary buildings held under freehold land Geran 74361, Lot 1215, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang bearing postal address No. 1572 Jalan Besar Valdor, Mukim 12, 14200 Sungai Bakap, Seberang Perai Selatan, Pulau Pinang measuring approximately 12 acres for a total consideration of RM35,000,000. The purchase consideration had been paid and the sale and purchase had been completed on 1 October 2021.
- (b) Deed of assignment between Visage Industries and BWYS Steel dated 16 August 2023, in which Visage Industries assigned the rights, title and interest, together with the goodwill of the business connected with the "Vtruss" trademark (Registration No: 2014059844) to BWYS Steel for a cash consideration of RM10.00.
- (c) Conditional SSA dated 21 August 2023 entered into between our Company, KBH and KBT for the acquisition of the entire equity interest in BW Scaffold for a total purchase consideration of RM27,226,400. The acquisition was completed on [●].
- (d) Conditional SSA dated 21 August 2023 entered into between our Company, KBH and KBT for the acquisition of entire equity interest in BWYSSB for a total purchase consideration of RM26,408,100. The acquisition was completed on [●].
- (e) Conditional SSA dated 21 August 2023 entered into between our Company, KBH and KMH for the acquisition of entire equity interest in BWYS Steel for a total purchase consideration of RM42,190,478. The acquisition was completed on [●].
- (f) Conditional SSA dated 21 August 2023 entered into between our Company, KBH and KBT for the acquisition of entire equity interest in BWYS Timur for a total purchase consideration of RM19,700,000. The acquisition was completed on [●].
- (g) Conditional SSA dated 21 August 2023 entered into between our Company, KBH and KBT for the acquisition of entire equity interest in YS Success a total purchase consideration of RM30,568,400. The acquisition was completed on [●].
- (h) Underwriting agreement dated [●] entered into between our Company and M&A Securities for the underwriting of 112,773,600 Issue Shares for an underwriting commission of up to 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten. Please refer to Section 4.11 of this Prospectus for the salient terms of the underwriting agreement.

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

6.8 PROPERTY, PLANT AND EQUIPMENT

6.8.1 Material Properties

(a) Properties owned by our Group

The summary of the information on the material land and buildings owned by our Group as at the LPD is set out below:

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Approximate built-up area sq ft	Date of issuance of CFO / CCC	NBV as at 31 December 2022 RM'000
1.	(a) Geran 22732, Lot 111 Seksyen 1, Bandar Butterworth, Daerah Seberang Perai Utama, Negeri Pulau Pinang / Nil. (" Property 1 ")	BWYS Steel	Vacant / Unoccupied	Nil. / Freehold	<u>Restrictions in interests</u> Nil.	78,974 / Nil. (Property 1)	Not applicable ^(a)	8,456
					<u>Encumbrances</u> Both Property 1 and Property 2 are charged to AmBank Islamic Berhad	14,985 / Nil. (Property 2)		
	(b) Geran 22737, Lot 117 Seksyen 1, Bandar Butterworth, Daerah Seberang Perai Utama, Negeri Pulau Pinang / Nil. (" Property 2 ")							

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Approximate built-up area sq ft	Date of issuance of CFO / CCC	NBV as at 31 December 2022 RM'000
2.	Geran 74361, Lot 1215, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 1572 Jalan Besar Valdor, Mukim 12, 14200 Sungai Bakap, Seberang Perai Selatan, Pulau Pinang (Lot 1215 Land on which the Penang 1572 Factory is located on)	BWYS Steel	A three-storey detached factory cum office building annexed single storey warehouse and ancillary buildings together with a piece of vacant land (which will be used to construct our New Penang Factory) / Office and warehouse, manufacturing of racking systems	Industrial / Freehold	<u>Restrictions in interests</u> Nil. <u>Encumbrances</u> Charged to AmBank Islamic Berhad	522,373 / 175,428 ^(b)	7 March 2008	35,543

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Approximate built-up area sq ft	Date of issuance of CFO / CCC	NBV as at 31 December 2022 RM'000
3.	Geran Mukim No. 533, Lot No. 1746, Mukim 12, Tempat Valdor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / 1571, Jalan Serunai, Kawasan Perindustrian Valdor, 14200 Sungai Jawi, Seberang Perai Selatan, Pulau Pinang (Penang 1571 Factory)	YS Success	A single-storey factory annexed with a three-storey office building erected thereon /Our head office, warehouse and manufacturing	Nil. / Freehold	<u>Restrictions in interests</u> Nil. <u>Encumbrances</u> Private caveat by and charged to AmBank (M) Berhad	340,785 / 262,560	16 June 2022	24,340
4.	H.S.(M) 20681, PT 404 Seksyen 2 in Pekan Bukit Changgang, Olak Lempit, Daerah Kuala Langat, Negeri Selangor Darul Ehsan / No. 112, Jalan 8, Kawasan Perindustrian Olak Lempit, 42700 Banting, Selangor (Banting Factory)	BW Scaffold	A plot of leasehold industrial land erected upon with 3 blocks of four storey office building, 3 blocks of single storey detached factory and ancillary building / Sales office, warehouse and manufacturing	Industrial / Leasehold of 99 years (expiring on 26 September 2087)	<u>Restrictions in interest</u> The land granted cannot be sold, leased, or transferred in any way, without the permission of the state authority. <u>Encumbrances</u> Private caveat by and charged to Malayan Banking Berhad	339,386 / 241,566	3 October 2014 / 13 July 2023	28,606

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Approximate built-up area sq ft	Date of issuance of CFO / CCC	NBV as at 31 December 2022 RM'000
5.	PN 6387, Lot 5196, Mukim Panchor, Daerah Jajahan Kota Bharu, Negeri Kelantan / Lot PT 5196, Kawasan Perindustrian Pengkalan Chepa, Mukim Panchor Seksyen 23, Daerah Kemumin, 16100 Kota Bharu, Kelantan (Kota Bharu Factory)	BWYS Timur	A parcel of industrial and built-upon with a single storey detached factory with a double storey office annex / Sales office, warehouse and manufacturing	Industrial / Leasehold of 66 years (expiring on 22 May 2065)	Restrictions in interests (a) The land held with this title cannot be transferred, charged, leased or have any arrangement made without the prior written consent of the state authority. (b) The land held with this title cannot be demarcated, subdivided or merged without the prior written consent of the state authority. (c) Restriction (a) is excluded for the purpose of charge of this land to banks or to Financial Institutions listed in Schedule D of the Kelantan	44,250 / 24,984	14 April 2016	2,554

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Approximate built-up area sq ft	Date of issuance of CFO / CCC	NBV as at 31 December 2022 RM'000
					Malay Reserve Land Enactment 1930 and Schedule 26A of the Kelantan Land Enactment 1938 in order to enable the landlord to obtain a personal loan.			
					<u>Encumbrances</u> Charged to AmBank (M) Berhad			

Notes:

- (a) Property 1 and Property 2 are unoccupied and vacant as at the LPD. Therefore, a Certificate of Completion and Compliance is not required as at the LPD.
- (b) The total built-up area of the Lot 1215 Land is approximately 175,428 sq ft. As at the LPD, the Penang 1572 Factory has occupied 35,601 sq ft of the Lot 1215 Land, and the remaining 139,827 sq ft is currently vacant.

As at the LPD, the above properties owned by our Group is not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Properties rented by our Group

The details of material properties rented by us as at LPD are set out below:

No.	Tenant	Landlord	Existing use	Postal address	Description	Period of tenancy	Approximate built-up area sq ft	Date of issuance of CCC	Rental per month RM
1.	BWYS Steel, BW Scaffold, YS Success	YHTJ Sabah	Office and warehouse	Lot 5B, Industrial Zone 7, Lorong Timur 2B, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah	A plot of industrial land erected thereon with a one storey open-sided factory annexed with a two-storey office building, a water pump house and a guard house (Kota Kinabalu warehouse and office)	1 December 2021 to 30 November 2023	58,205	14 July 2016	50,405
2.	BWYS Steel, BW Scaffold, YS Success	YHTJ Sarawak	Office and warehouse	Lot 2656, Block 20 Kemena Land District Bintulu (Kindurong Gateway Industrial Park), Jalan Tg. Kindurong, 97000 Bintulu, Sarawak	One unit of double-storeyed detached industrial building consisting of two levels of office and warehouse (Bintulu warehouse and office)	1 January 2022 to 31 December 2023	35,601	16 May 2017	42,500
3.	BWYS Steel, BW Scaffold ; YS Success	Chai Chiang Company Sdn Bhd	Office and warehouse	Lot 823, Block 7 Muara Tebas Land District, Sejingkat Industrial Park, 90350 Kuching, Sarawak	One unit of single-storey warehouse building cum office (Kuching warehouse and office)	1 March 2019 to 29 February 2024	14,434	3 July 2003	10,000

6. INFORMATION ON OUR GROUP (cont'd)

No.	Tenant	Landlord	Existing use	Postal address	Description	Period of tenancy	Approximate built-up area sq ft	Date of issuance of CCC	Rental per month RM
4.	BW Scaffold	Chop Hong Lee Trading Sdn Bhd	Warehouse and sales office	No. 6, Jalan Perniagaan Setia 1/8, Taman Perniagaan Setia (Setia Business Park II), 81100 Johor Bahru, Johor	One unit of single-storey warehouse and double-storey office (Johor warehouse and office)	1 February 2023 to 31 January 2025	13,155	7 July 2015	18,000
5.	YS Success	Icon Trans Sdn Bhd	Foreign workers accommodation	PMT 1596, Jalan Perusahaan Valdor, Kawasan Perindustrian Valdor, 14200 Sungai Jawi, Pulau Pinang	10 units of lodging	1 May 2021 to 30 April 2024	327 / unit	11 May 2021	18,000
6.	BW Scaffold	MBJ Resources Sdn Bhd	Foreign workers accommodation	Persiaran Kolej Bbn, Bandar Baru Nilai, 71800 Bandar Baru Nilai, Negeri Sembilan	8 rooms in a 15 floors residential block	1 April 2023 to 31 March 2024	217 / 251 / 259 per room	13 March 2012	7,040

As at the LPD, the above properties rented by our Group is not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations.

6. INFORMATION ON OUR GROUP (cont'd)**6.8.2 Operating capacities and output****(i) Manufacture of roofing sheets**

We manufacture roofing sheets at the following operational facilities in Penang, Selangor and Kelantan:

- (a) Penang 1571 Factory;
- (b) Banting Factory; and
- (c) Kota Bharu Factory.

The methodologies used to calculate the annual capacity and utilisation rates are as follows:

- annual capacity is calculated based on 20 hours per day for 6 days a week less gazetted public holiday (15 days). However, we normally operate one 8 hour-shift with 2-hours of overtime per working day.
- utilisation rate is calculated by dividing the actual output by the annual capacity.

Actual output is the quantity of roofing sheets that we manufacture during the respective Period Under Review.

	Number of roll forming machines	Annual capacity Tonnes	Actual output Tonnes	Utilisation rate %
<u>FYE 2020</u>				
Penang 1571 Factory	6	19,950	2,778	14
Banting Factory	5	15,158	454	3
Kota Bharu Factory	4	15,158	2,545	17
Total	15	50,266	5,777	11
<u>FYE 2021</u>				
Penang 1571 Factory	6	19,950	3,930	20
Banting Factory	5	15,158	1,071	7
Kota Bharu Factory	4	15,158	2,578	17
Total	15	50,266	7,579	15
<u>FYE 2022</u>				
Penang 1571 Factory	6	19,950	4,367	22
Banting Factory	5	15,158	2,097	14
Kota Bharu Factory	4	15,158	2,564	17
Total	15	50,266	9,028	18

6. INFORMATION ON OUR GROUP (cont'd)**(ii) Manufacture of roof trusses**

We manufacture roof trusses at the following operational facilities in Penang, Selangor and Kelantan:

- (a) Penang 1571 Factory;
- (b) Banting Factory; and
- (c) Kota Bharu Factory.

The methodologies used to calculate the annual capacity and utilisation rates are as follows:

- annual capacity is calculated based on 20 hours per day for 6 days a week less gazetted public holiday (15 days). We operate two 8 hour-shift with 2-hours of overtime per working day at Penang 1571 Factory and Banting Factory, and one 8 hour-shift with 2-hours of overtime per working day at Kota Bharu Factory.
- utilisation rate is calculated by dividing the actual output by the annual capacity.

Actual output is the quantity of roof truss that we manufacture during the respective Period Under Review.

	Number of roll forming machines	Annual capacity Tonnes	Actual output Tonnes	Utilisation rate %
<u>FYE 2020</u>				
Penang 1571 Factory	9	6,830	1,475	22
Banting Factory	2	6,444	-	-
Kota Bharu Factory	2	6,444	916	14
Total	13	19,718	2,391	12
<u>FYE 2021</u>				
Penang 1571 Factory	9	6,830	3,227	47
Banting Factory	2	6,444	-	-
Kota Bharu Factory	2	6,444	1,165	18
Total	13	19,718	4,392	22
<u>FYE 2022</u>				
Penang 1571 Factory	9	6,830	5,257	(1)77
Banting Factory	2	6,444	2,280	35
Kota Bharu Factory	2	6,444	960	15
Total	13	19,718	8,497	43

Note:

- (1) For FYE 2022, the high utilisation rate was mainly attributed to the increase in production output to cater to higher customer orders.

(iii) Manufacture of welded pipes

We manufacture welded pipes at our operational facility in Penang 1571 Factory. The methodologies used to calculate the annual capacity and utilisation rates are as follows:

- annual capacity is calculated based on 20 hours per day for 6 days a week less gazetted public holiday (15 days). However, we normally operate one 8 hour-shift with 2-hours of overtime per working day.
- utilisation rate is calculated by dividing the actual output by the annual capacity.

6. INFORMATION ON OUR GROUP (cont'd)

Actual output is the quantity of welded pipes that we manufacture during the respective Period Under Review.

	<u>Annual capacity</u>	<u>Actual output</u>	<u>Utilisation rate</u>
	Tonnes	Tonnes	%
FYE 2020	21,622	10,091	47
FYE 2021	21,622	6,575	30
FYE 2022	21,622	7,473	35

(iv) Manufacture of industrial racking systems

We manufacture industrial racking systems in-house at our operational facilities at Penang 1571 Factory and Penang 1572 Factory. The methodologies used to calculate the annual capacity and utilisation rates are as follows:

- annual capacity is calculated based on 20 hours per day for 6 days a week less gazetted public holiday (15 days). However, we normally operate one 8 hour-shift with 2-hours of overtime per working day.
- utilisation rate is calculated by dividing the actual output by the annual capacity.

Actual output is the quantity of metal frames for industrial racking systems that we manufacture during the respective Period Under Review.

	<u>Annual capacity</u>	<u>Actual output</u>	<u>Utilisation rate</u>
	Tonnes	Tonnes	%
<u>FYE 2020</u>			
Penang 1571 Factory	5,863	1,016	17
Penang 1572 Factory	1,500	830	(1)55
Total	7,363	1,846	25
<u>FYE 2021</u>			
Penang 1571 Factory	5,863	1,062	18
Penang 1572 Factory	1,500	354	24
Total	7,363	1,416	19
<u>FYE 2022</u>			
Penang 1571 Factory	5,863	3,110	(2)53
Penang 1572 Factory	1,500	1,036	(2)69
Total	7,363	4,146	56

Notes:

- (1) For FYE 2020, the high utilisation rate was mainly attributed to the increase in production output for subsequent delivery in FYE 2021.
- (2) For FYE 2022, the high utilisation rate was mainly attributed to the increase in production output to cater to higher customer orders.

(v) Supply of scaffoldings

Annual capacity and utilisation rate do not apply to our supply of scaffoldings as the main operation is cutting, welding and finishing of various parts, components and products, which are manual processes using tools and equipment.

6.8.3 Material plans to construct, expand and improve our facilities

Save as disclosed in Section 4.9 and 6.6.1 of this Prospectus, our Group has no other immediate plans to construct, expand or improve our facilities as at LPD.

6. INFORMATION ON OUR GROUP (cont'd)

6.9 EMPLOYEES

As at LPD, our Group has a total workforce of 476 employees of which 312 are permanent employees and 164 are contractual workers; which are made up of 321 local employees and 155 foreign workers. As at LPD, all of our foreign workers have valid working permits and are not in breach of any immigration laws.

None of these employees belong to any labour union. Since incorporation and up to the LPD, there has been no industrial dispute pertaining to our employees nor has there been any incidence of work stoppage or labour disputes that have materially affected our operations.

A summary of our Group's total workforce according to job functions as at 31 December 2022 and LPD is as below:

Departments	As at 31 December 2022						Total number of employees
	Permanent employees		Contractual employees		Geographical Location		
	Local	Foreign	Local	Foreign	West Malaysia	East Malaysia	
Management	12	-	4	-	15	1	16
Finance	18	-	1	-	16	3	19
Human resources	15	-	-	-	11	4	15
Information technology	3	-	-	-	3	-	3
Procurement	6	-	-	-	6	-	6
Production	131	-	2	153	269	17	286
Sales and marketing	77	-	-	-	68	9	77
Logistics	39	-	-	11	46	4	50
Total	301	-	7	164	434	38	472

Departments	As at LPD						Total number of employees
	Permanent employees		Contractual employees		Geographical Location		
	Local	Foreign	Local	Foreign	West Malaysia	East Malaysia	
Management	12	-	5	-	16	1	17
Finance	15	-	1	-	13	3	16
Human resources	20	-	-	-	16	4	20
Information technology	5	-	-	-	5	-	5
Procurement	6	-	-	-	6	-	6
Production	141	-	3	146	275	15	290
Sales and marketing	80	-	-	-	72	8	80
Logistics	33	-	-	9	40	2	42
Total	312	-	9	155	443	33	476

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6. INFORMATION ON OUR GROUP (cont'd)**6.10 MAJOR CUSTOMERS**

Our Group top 5 major customers for the Period Under Review are as follows:

FYE 2020

No.	Customers	Country	Type of products	⁽¹⁾Length of	Revenue contribution	
				Years	RM'000	⁽²⁾%
(1)	Silver Maxlink Sdn Bhd	Malaysia	Industrial racking systems and welded pipes	1	5,862	4.5
(2)	Yes Group ⁽³⁾	Malaysia	Industrial racking systems	6	4,231	3.2
(3)	Winzu Hardware Sdn Bhd	Malaysia	Welded pipes	6	3,245	2.5
(4)	Hung Tat Trading	Malaysia	Welded pipes	6	3,235	2.5
(5)	CL Hardware Sdn Bhd	Malaysia	Welded pipes	3	2,849	2.2
				Total	19,422	14.9

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6. INFORMATION ON OUR GROUP (cont'd)

FYE 2021

No.	Customers	Country	Type of products	⁽¹⁾Length of	Revenue contribution	
				relationship	RM'000	⁽²⁾%
				Years		
(1)	United Material Handling Inc.	USA	Industrial racking systems	1	17,975	8.1
(2)	Silver Maxlink Sdn Bhd	Malaysia	Industrial racking systems and steel coils	2	7,154	3.2
(3)	Top Megaview Sdn Bhd	Malaysia	Steel coils, roofing sheets and welded pipes	9	4,583	2.1
(4)	Yes Group ⁽³⁾	Malaysia	Industrial racking systems	7	4,350	2.0
(5)	Kim Company Sdn Bhd	Malaysia	Welded pipes	7	3,641	1.6
				Total	37,703	17.0

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6. INFORMATION ON OUR GROUP (cont'd)

FYE 2022

No.	Customers	Country	Type of products	⁽¹⁾Length of relationship	Revenue contribution	
				Years	RM'000	⁽²⁾%
(1)	Inspec Engineering Systems Sdn Bhd	Malaysia	Industrial racking systems	7	13,233	5.6
(2)	United Material Handling Inc	USA	Industrial racking systems	2	9,908	4.2
(3)	Silver Maxlink Sdn Bhd	Malaysia	Industrial racking systems	3	7,288	3.1
(4)	Yes Group ⁽³⁾	Malaysia	Industrial racking systems	8	5,255	2.2
(5)	Winzu Hardware Sdn Bhd	Malaysia	Welded pipes	8	3,616	1.5
				Total	39,300	16.6

Notes:

- (1) Length of relationship is determined as at the respective FYE 2020, FYE 2021 and FYE 2022.
- (2) Our Group's total revenue for the FYE 2020, FYE 2021 and FYE 2022 are RM130.9 million, RM222.4 million and RM236.2 million respectively.

6. INFORMATION ON OUR GROUP (cont'd)

- (3) Refers to revenue from Yes Metal System Sdn Bhd and Yes Storage System (M) Sdn Bhd, which have common shareholders and directors. For the Period Under Review, the revenue from Yes Group comprised the following:

Yes Group	FYE 2020		FYE 2021		FYE 2022	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Yes Metal System Sdn Bhd	3,506	2.7	3,550	1.6	2,881	1.2
Yes Storage System (M) Sdn Bhd	725	0.5	800	0.4	2,374	1.0
Total	4,231	3.2	4,350	2.0	5,255	2.2

Our business is not dependent on any of our major customers as none of the top 5 customers contributed more than 10% of our total revenue for each of the Period Under Review. In addition, our Group has a diverse customer base and we served between 1,000 and 1,700 customers during the Period Under Review. As at LPD, our Group has 1,451 active customers.

Save as disclosed in Section 11.3.5 of this Prospectus, there has been no dispute with our customers which has materially affected our operations or financial performance.

We believe that our track record, capabilities and good working relationships with all our customers will continue to grow as we expand our capabilities to service their needs. As at the LPD, none of our Directors, Promoter and/or substantial shareholder has any interest, direct or indirect, in any of our major customers.

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

6.11 MAJOR SUPPLIERS

Our Group top 5 major suppliers for the Period Under Review are as follows:

FYE 2020

No.	Suppliers	Country	Main raw materials sourced	⁽¹⁾ Length of relationship	Total purchases	
				Years	RM'000	⁽²⁾ %
(1)	Shanghai Hui Yi International Trading Co., Ltd	China	Coated cold-rolled steel coils	1	18,070	21.2
(2)	Samsung C & T Corporation ⁽³⁾	Korea	Hot rolled steel coils	3	17,041	20.0
(3)	Silver Maxlink Sdn Bhd ⁽⁴⁾	Malaysia	Coated cold-rolled steel coils	4	7,261	8.5
(4)	Changzhou Lingdi International Trading Co Ltd	China	Coated cold-rolled steel coils	3	5,882	6.9
(5)	Mareso Pte Ltd	Singapore	Coated cold-rolled steel coils	1	5,791	6.8
				Total	54,045	63.4

6. INFORMATION ON OUR GROUP (cont'd)

FYE 2021

No.	Suppliers	Country	Main raw materials sourced	(1)Length of	Total purchases	
				relationship	RM'000	(2)%
				Years		
(1)	Art Rising (HK) Co, Limited	Hong Kong	Coated cold-rolled steel coils	1	41,559	22.3
(2)	Samsung C & T Corporation ⁽³⁾	Korea	Hot rolled steel coils	4	30,499	16.3
(3)	Boxing Tonghe International Supply Chain Finance Co. Ltd	China	Coated cold-rolled steel coils	1	14,978	8.0
(4)	Top Megaview Sdn Bhd	Malaysia	Coated cold-rolled steel coils	9	13,095	7.0
(5)	LS Shanghai International Trading Co. Ltd	China	Coated cold-rolled steel coils	1	11,914	6.4
				Total	112,045	60.0

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6. INFORMATION ON OUR GROUP (cont'd)**FYE 2022**

No.	Suppliers	Country	Main raw materials sourced	(1)Length of relationship	Total purchases	
				Years	RM'000	(2)%
(1)	Top Megaview Sdn Bhd	Malaysia	Coated cold-rolled steel coils, scaffoldings components and accessories	10	52,791	31.5
(2)	Liuyang Shui De Trade Co. Ltd	China	Coated cold-rolled steel coils	Less than 1	40,449	24.1
(3)	Hebei Ever-Shine Building Materials Import & Export Co. Ltd	China	Coated cold-rolled steel coils	2	15,081	9.0
(4)	Samsung C & T Corporation ⁽³⁾	Korea	Hot rolled steel coils	5	14,950	8.9
(5)	Posco International Corporation ⁽³⁾	Korea	Hot rolled steel coils	Less than 1	5,125	3.1
Total					128,396	76.6

Notes:

- (1) Length of relationship is determined as at the respective FYE 2020, FYE 2021 and FYE 2022.
- (2) Our Group's total purchases for the FYE 2020, FYE 2021 and FYE 2022 are RM85.3 million, RM186.7 million and RM167.8 million respectively.
- (3) A company listed on the Korea Exchange. Samsung C & T Corporation is primarily involved in tourist facilities, golf course services, construction, civil engineering, plant building, housing, development business, technology services, landscaping, energy conservation, environment development, fashion, retail business of various merchandise and project organising businesses in global market, while Posco International Corporation is involved in various business activities including providing international trade, export agency services, intermediary trading, manufacturing, distribution, natural resource development and lease service.
- (4) Silver Maxlink Sdn Bhd is principally involved in the trading of all kinds of steel products. During the Period Under Review, our Group purchased coated cold-rolled steel coils from them for our manufacturing of sheet metal products. Silver Maxlink Sdn Bhd is also one of our major customers for the Period Under Review and they mainly purchased our industrial racking systems for their export market's customers.

6. INFORMATION ON OUR GROUP (cont'd)

While our purchases from several suppliers are in excess of 10.0% of our total purchases of input materials and subcontracted services for the Period Under Review, we are not dependent on any one of them as our purchases are commodities, namely steel coils. Steel materials are purchased based on specifications and are easily available domestically as well as several foreign countries such as China and Korea. However, we are still exposed to risks associated with supply chain disruptions as we mainly purchased imported steel coils including those steel coils imported directly from suppliers in foreign countries as well as purchased domestically from stockists in Malaysia who buy the imported steel coils.

In addition, we are able to purchase from alternative suppliers at costs that are not expected to materially impact total purchases and financial profitability. One of the reasons that we buy large quantities from some suppliers are mainly due to commercial reasons such as favourable commercial terms and to build strong customer-supplier relationships.

We have major suppliers of hot rolled steel coils and coated cold-rolled steel coils with a shorter length of relationship of 1 year or less. The reason for the change in our suppliers was mainly due to commercial reasons where we were able to obtain more favourable prices for our steel materials from another supplier. As our main input materials are mainly steel coils which are commodities and easily available, we were able to source our steel materials from an alternative supplier which offers better commercial terms. As such, we do not foresee any issues arising on the continuity of our suppliers. Save as disclosed in Section 11.2.2 of this Prospectus, there were no other incidences of quality issues with our major suppliers which had affected us during Period Under Review.

Save for Samsung C & T Corporation and Posco International Corporation which are involved in various business activities as disclosed in Note 3 above, our major suppliers of coated cold-rolled steel coils and hot rolled steel coils during the Period Under Review are trading companies.

As at LPD, there has been no dispute with our suppliers which has materially affected our operations or financial performance. As at the LPD, none of our Directors, Promoter and/or substantial shareholder has any interest, direct or indirect, in any of our major suppliers.

6.12 EXCHANGE CONTROLS

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital or remittance of profits by or to our Group.

6.13 ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

Our Board takes cognizance of the sustainability governance as set out in the Listing Requirements in Relation to Sustainability Reporting Framework, Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Malaysian Code on Corporate Governance 2021.

Our Group has adopted some ESG practices in ensuring environmentally responsible operations, conducting business responsibly and providing conducive workplaces for employees.

Our Board oversees the governance of our Group's sustainability matters while management is responsible for overseeing the implementation of sustainability-related initiatives within the purview of their respective departments. The management is responsible for executing, monitoring and reporting sustainability-related initiatives which assist senior management in making informed decisions to achieve the Group's sustainability goals.

6. INFORMATION ON OUR GROUP (cont'd)

We are committed to setting up an overall Sustainability Framework for our Group based on the following guidelines and standards;

- Listing Requirements in Relation to Sustainability Reporting Framework;
- Bursa Securities' Sustainability Reporting Guide (3rd Edition); and
- Malaysian Code on Corporate Governance 2021.

In terms of implementing and managing sustainability matters, we are and will focus on the following:

Economics Practices:

- Technological Advancements: continuously looking into enhancing and developing innovative manufacturing processes that reduce environmental impact.
- Product Innovation: continuously enhancing product designs such as pipes with improved durability, reduced material use and easy installation and dismantling for reusing.
- Material Sourcing: Encouraging our suppliers to adhere to ESG principles ensuring that the entire supply chain contributes to sustainability goals.

Environmental Practices:

- Energy Efficiency: Implementing energy-efficient manufacturing processes and equipment to reduce energy consumption.
- Waste Reduction: Implementing strategies to waste reduction and recycling during production processes.
- Recycling Programs: Developing recycling initiatives for end-of-life solar panels and other components.
- Water Conservation: Implementing water-saving measures to minimise water usage in our operation.

Social Practices:

- Employee Health and Safety: Prioritise worker safety through comprehensive safety and health training programs, safety protocols and equipment upgrades.
- Diversity and Inclusion: Fostering a diverse and inclusive workplace that values individuals from different backgrounds regardless of gender, race or other factors.
- Labour Standards: Adhere to labour laws including providing the conducive working environment, reasonable working hours and employee benefits.

Governance Practices:

- Board Diversity: Ensuring a diverse board of directors to bring varied perspectives and promoting a range of experience, knowledge and skills.
- Stakeholder Engagement: Engaging with stakeholders (e.g., shareholders, customers, employees) to address concerns and incorporate feedback.
- Ethical Business Practices: Maintain a strong code of ethics and anti-bribery and anti-corruption policies to ensure integrity in business operations.

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7. IMR REPORT



15 September 2023

The Board of Directors
BWYS Group Berhad
1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12, 14200 Sungai Bakap
Seberang Perai Selatan, Penang

Dear Sirs and Madams

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

Independent Assessment of the Sheet Metal Product Industry in Malaysia

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of BWYS Group Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad

7. IMR REPORT (cont'd)

Date of Report: 15 September 2023

INDEPENDENT ASSESSMENT OF THE SHEET METAL PRODUCT INDUSTRY IN MALAYSIA

1. INTRODUCTION

- BWYS Group Berhad together with its subsidiaries, (herein referred to as BWYS Group) is mainly involved in the manufacture of sheet metal products and the supply of scaffoldings, including sales and rental. BWYS Group is also involved in the trading of steel materials and steel related products. The focus of this report will be on sheet metal products in Malaysia.
- In this report, gross domestic product (GDP) refers to nominal GDP and all information and data refer to Malaysia, unless stated otherwise. Metal in this report refers to carbon steel taken to mean non-stainless steel. This report primarily discusses the 3-year compound annual growth rate (CAGR) data as it represents a more recent industry performance compared to the 5-year CAGR. Nevertheless, 3-year and 5-year CAGR data are provided.

2. SHEET METAL PRODUCT INDUSTRY

- Sheet metal products are flat products that are manufactured from metal sheets and coils. Metal sheets are in large rectangular format while coils are long rectangular sheets rolled into a coil. The main processes carried out in the manufacturing of sheet metal products include the following:
 - **Forming**, which refers to changing the shape of sheet metal without adding or removing materials from it, includes roll forming, bending and deep drawing;
 - **Cutting**, which refers to the removal or separation of materials from the main workpiece, is performed using various methods including shearing, blanking, piercing and notching;
 - **Assembly and joining**, which involves combining metal parts mainly through welding, soldering, brazing and riveting into a single, larger piece of metal work; and
 - **Finishing**, which refers to surface preparations such as deburring, blasting and coating to improve surface protection, corrosion resistance and appearance, includes anodising, galvanising, electroplating, powder coating and painting.
- Metal plates and metal sheets are similar except that metal plates are thicker. They are often used for structural applications where strength and support are essential. Metal plates are commonly used as base plates, load-bearing components and equipment subjected to high heat, pressure or wear and tear, and in applications where rigidity and durability are required. This report does not cover metal plates or metal plate products.



2.1 Applications of sheet metal products

- The formability and ductility of sheet metal enable it to be manufactured into various parts and products, where some of their areas of application include the following:
 - **Construction**, where sheet metal products are used as building materials and support structures. They include, among others, roofing and wall cladding sheets, floor decking,

7. IMR REPORT (cont'd)



trusses, building frames, scaffoldings, pipes and tubes for plumbing, electrical conduit and gas supply, ducting for air-conditioning and ventilation systems, and cable trays;

- **Warehousing and storage**, including, among others, racking systems and containers used for storage of goods;

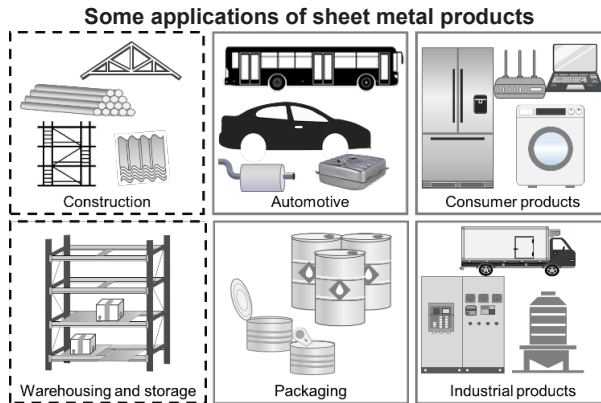
- **Automotive**, including, among others, car, bus and truck bodies, parts and components;

- **Packaging**, including, among others, primary packaging for food and beverages, drums and other metal containers;

- **Consumer products**, including, among others, furniture, utensils, cutleries, household appliances, and electronic equipment and devices; and

- **Industrial products**, including, among others, enclosures of equipment, machines, apparatus and devices, equipment and machine body frames, and hoppers.

- BWYS Group is involved in the manufacture of sheet metal products comprising roofing sheets and trusses, and welded pipes for construction applications, as well as industrial racking systems for warehousing and storage applications. In addition, BWYS Group is also involved in the supply of scaffoldings used in among others, the construction industry.

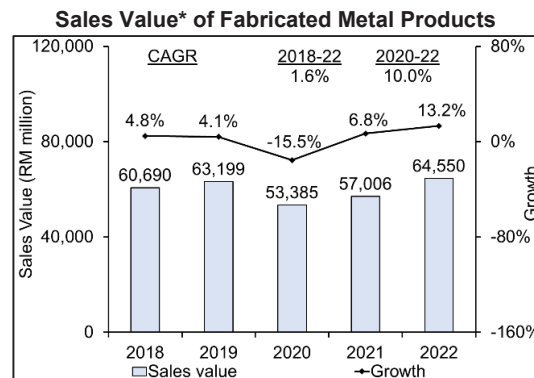


BWYS Group mainly operates in these segments.

3. PERFORMANCE OF SHEET METAL PRODUCTS IN MALAYSIA

3.1 Performance of fabricated metal products

- BWYS Group is involved in the manufacture of sheet metal products including roofing sheets and trusses, industrial racking systems and scaffoldings, which are part of the overall fabricated metal product industry.
- Between 2020 and 2022, the sales value of the manufacture of fabricated metal products grew at a CAGR of 10.0% to RM64.6 billion in 2022, exceeding its pre-COVID-19 level in 2019.



* Refers to domestic production. (Source: Department of Statistics Malaysia (DOSM))

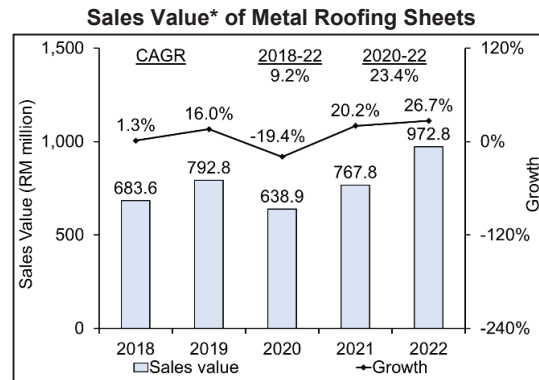
- In the first half (H1) of 2023, the sales value of the manufacture of fabricated metal products grew by 7.0% compared to H1 2022 (Source: DOSM).

7. IMR REPORT (cont'd)



3.1.1 Metal roofing sheets

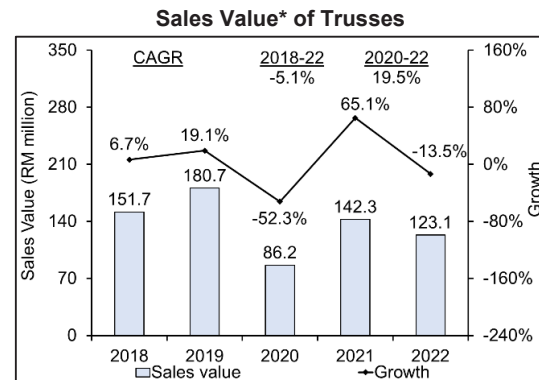
- Metal roofing sheets are used in building construction for residential, commercial, institutional and industrial buildings.
- Between 2020 and 2022, the sales value of the manufacture of metal roofing sheets experienced a CAGR of 23.4%. This was reflected in the non-residential building construction segment, where the value of construction work completed grew at a CAGR of 9.4% over the same period (Source: DOSM).



* Refers to domestic production. A subsector of fabricated metal products. (Source: DOSM)

3.1.2 Trusses

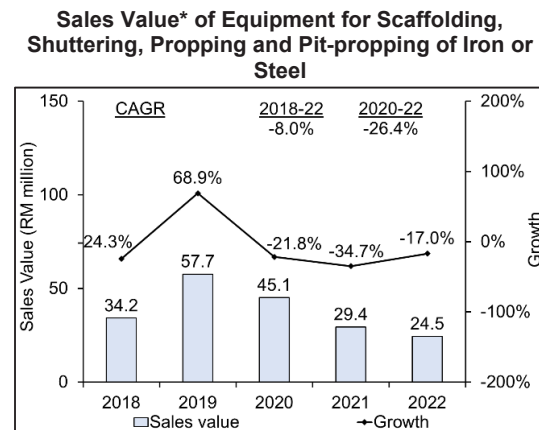
- Trusses are commonly used in the construction industry to provide support for various types of structures such as roofs.
- In 2022, the sales value of the manufacture of trusses declined by 13.5%, which may be partly due to the decline in input prices. This followed a growth of 65.1% in 2021.



* Refers to domestic production. A subsector of fabricated metal products. (Source: DOSM)

3.1.3 Equipment for scaffolding, shuttering, propping and pit-propping of iron or steel

- Equipment for scaffolding, shuttering, propping and pit-propping of iron or steel is commonly used in the construction industry to support and facilitate various construction activities. Construction companies and contractors may purchase or rent such equipment. Rental is common as storage and maintenance of such equipment in between projects incur costs. Additionally, the quantity usage of such equipment will depend on the size of the projects. BWYS Group is involved in the sales and rental of scaffoldings.
- Between 2020 and 2022, the sales value of equipment for scaffolding, shuttering, propping and pit-propping of iron or steel has been declining at an average annual rate of 26.4%, indicating lower purchases of such equipment.



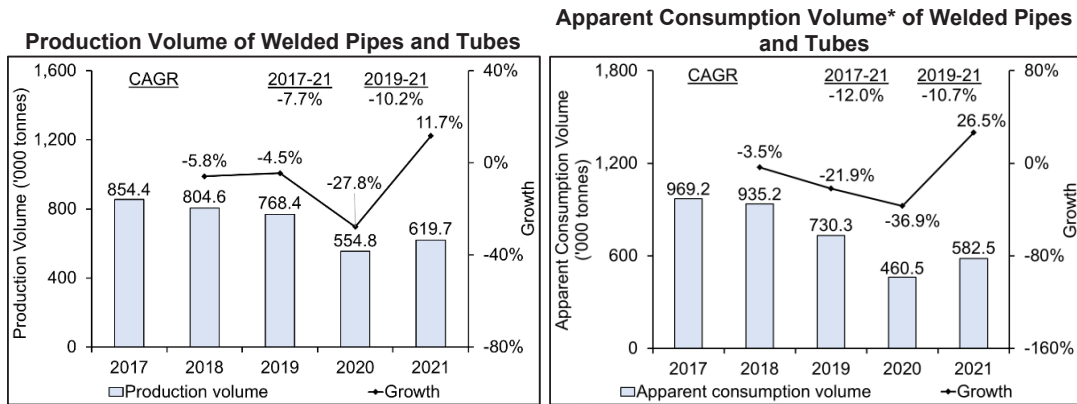
* Refers to domestic production. A subsector of fabricated metal products. (Source: DOSM)

7. IMR REPORT (cont'd)



3.2 Performance of welded pipes and tubes

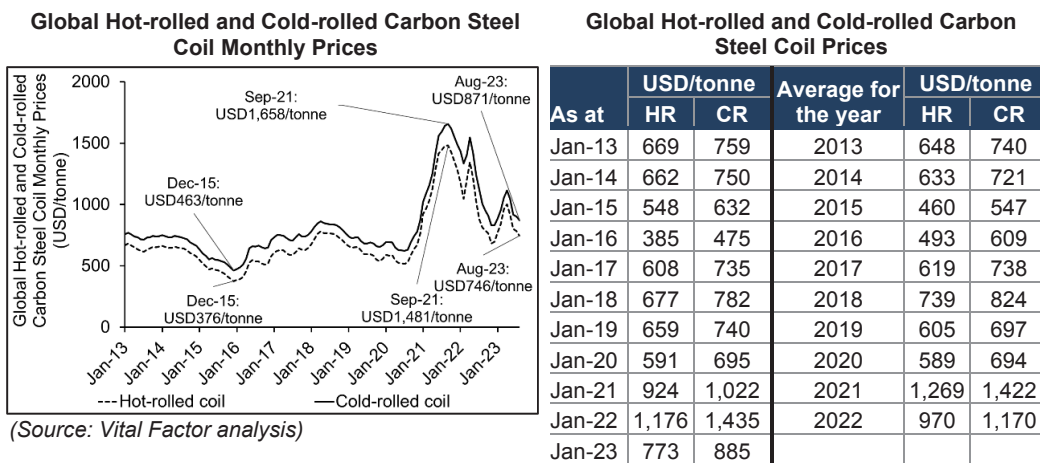
- BWYS Group is involved in the manufacture of welded pipes that are mainly used for the protection and routing of electrical wiring in a building or structure in the construction industry, as well as structural welded pipes used for scaffoldings and other structural applications.
- Between 2019 and 2021, being the latest available statistics, the production and apparent consumption volume of welded pipes and tubes (structural and non-structural) declined at an average annual rate of 10.2% and 10.7% respectively, mainly attributed to the impact of the COVID-19 pandemic. Nevertheless, growth of 11.7% and 26.5% in the production and apparent consumption volume in 2021 indicated signs of recovery albeit not reaching the pre-COVID-19 levels in 2019.



Latest available information. * Apparent consumption volume = Production volume + Import volume – Export volume (Source: Vital Factor analysis)

4 SUPPLY DEPENDENCIES

4.1 Global steel price



(Source: Vital Factor analysis)

HR= Hot-rolled; CR= Cold-rolled. (Source: Vital Factor analysis)

- Steel sheets and coils are commonly used as input materials for various sheet metal products. Generally, in an integrated mill, molten steel is first formed into slabs, which are then rolled into plates, sheets and coils before being cooled to ambient temperature. These are known as hot-rolled products. Hot-rolled products can be further rolled at ambient temperature to become cold-rolled products to obtain various desired sheet thicknesses,

7. IMR REPORT (cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

and at the same time provide lower thickness variances across the entire length of the sheet or coil. Increases in global hot-rolled and/or cold-rolled carbon steel prices will result in an increase in input material prices for manufacturers of sheet metal products.

- In 2021, global hot-rolled and cold-rolled carbon steel 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. The increase in 2021 was mainly due to higher demand resulting from the global economic recovery and increasing raw material prices such as iron ore and coal. In 2022, global hot-rolled and cold-rolled carbon steel coil prices increased to USD1,345/tonne and USD1,546/tonne respectively in April 2022 amid supply concerns resulting from geopolitical tensions and subsequently declined to USD746/tonne and USD871/tonne respectively in August 2023.
- BWYS Group uses hot-rolled coil for their welded pipes and industrial racking systems, and coated cold-rolled coils for their roofing sheets and trusses, as well as industrial racking systems.

4.2 Labour supply and cost

- As the manufacture of sheet metal products relies on labour for its factory floor operations, operators in the industry may depend on foreign workers to meet their labour needs. Various factors including the freeze on the hiring of foreign labour during the COVID-19 pandemic have contributed to a shortage of labour across various sectors including plantation and agriculture, construction and manufacturing.
- To ease the labour needs across various sectors, the Government had in January 2023 introduced the Foreign Worker Employment Relaxation Plan (FWERP) to expedite the application and approval of foreign workers for selected industries including manufacturing until 31 March 2023. In March 2023, the foreign worker quota application and approval, including the FWERP, was temporarily halted by the Government. In September 2023, the Government agreed to allocate a quota of 7,500 foreign workers for barbershop, goldsmith and textile sectors. The continued suspension of quota applications and approvals for the other sectors, including the manufacturing industry, may affect the availability of labour in Malaysia.
- Labour costs represent a significant proportion of the total cost of manufacturing sheet metal products given the reliance on factory floor labour. Effective May 2022, the minimum monthly wage had increased from RM1,200 to RM1,500 for employers with 5 or more employees or those who carry out a professional activity. For employers with less than five employees, the increase took effect from July 2023 onwards (*Source: Ministry of Human Resources (MOHR)*). This will result in an increase in the cost of manufacturing for operators in the industry, including BWYS Group.

5 DEMAND DEPENDENCIES

5.1 Overall demand dependencies

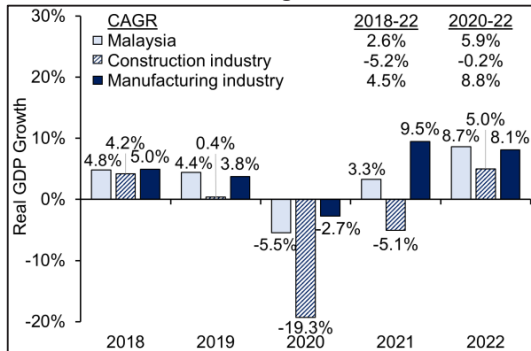
- Sheet metal products are manufactured and used domestically, and as such, their performance will depend to a large extent on the general economic well-being of Malaysia, as well as the construction and manufacturing industries serving as the overall main user industries.

7. IMR REPORT (cont'd)



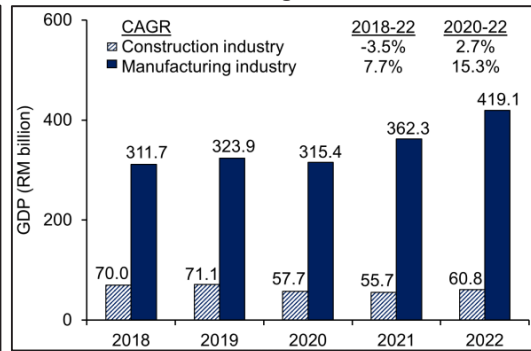
- GDP measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP is a measure of “real” changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in their prices due to inflation or deflation. Nominal GDP is the value without any adjustments.

Real GDP of Malaysia, and the Construction and Manufacturing Industries



(Source: DOSM)

Nominal GDP of the Construction and Manufacturing Industries



(Source: DOSM)

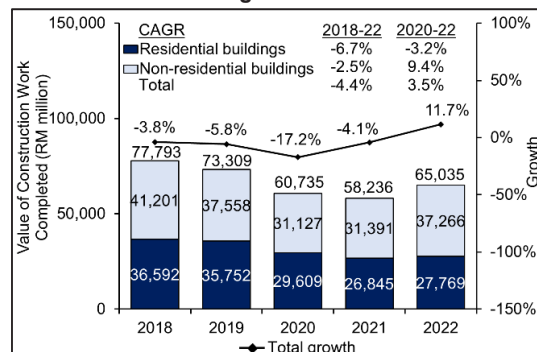
- Between 2020 and 2022, the real GDP of Malaysia and its manufacturing industry experienced a CAGR of 5.9% and 8.8% respectively, mainly attributed to the economic recovery from the COVID-19 pandemic. Growth in 2021 was mainly attributed to the lower base in 2020. As for the construction industry, real GDP declined at an average annual rate of 0.2% during the same period. While there was a recovery growth of 5.0% in 2022, the nominal GDP of the construction industry has yet to reach the pre-COVID-19 level in 2019. In H1 2023, the real GDP of Malaysia, as well as its construction and manufacturing industries grew by 4.2%, 6.8% and 1.7% respectively, compared to H1 2022 (Source: DOSM).
- In 2022, growth in the real GDP of the construction industry was mainly due to an improvement in the non-residential building and specialised construction segments, while growth in that of the manufacturing industry was mainly attributed to stronger global and domestic demand (Source: DOSM and Bank Negara Malaysia (BNM)). In nominal terms, the construction and manufacturing industries represented 3.4% and 23.4% of the total GDP of Malaysia.

5.2 Demand dependencies of roofing sheets and trusses, scaffoldings and welded pipes

5.2.1 Performance of the building construction industry

- BWYS Group manufactures sheet metal products and supplies scaffoldings primarily for use in the building construction industry.
- In 2022, the building construction segment recovered from the impact of the COVID-19 pandemic with a growth of 11.7% in the value of construction work completed. This was mainly attributed to the growth of 18.7% in the non-residential subsector in 2022 as a result of the faster progress of large commercial and industrial projects (Source: BNM). As for the residential

Value of Construction Work Completed for Building Construction



(Source: DOSM)

7. IMR REPORT (cont'd)



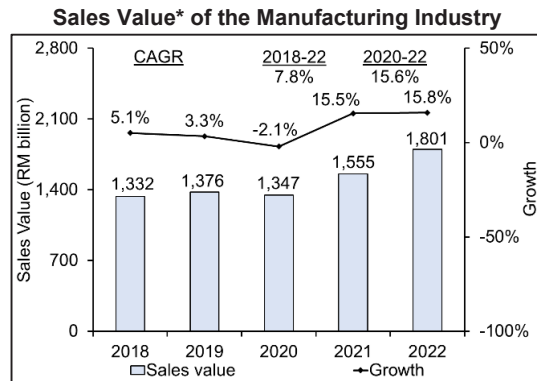
subsector, the segment registered a growth of 3.4% in the value of construction work completed in 2022. In H1 2023, the value of construction work completed for the non-residential building segment grew by 7.6%, while the residential building segment grew by 2.3%, compared to H1 2022 (Source: DOSM).

5.3 Demand dependencies of industrial racking systems

- Industrial racking systems are commonly used in the manufacturing, and wholesale and retail trade industries for the storage of goods. The continued growth in these industries will thus provide opportunities and create demand for industrial racking systems. The following section focuses on the performance of these user industries.

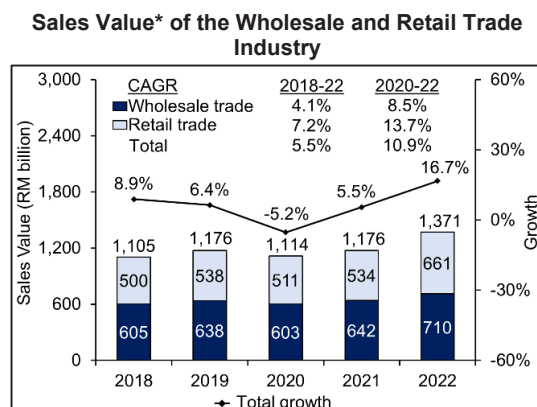
5.3.1 Performance of the manufacturing industry

- The sales value of the manufacturing industry in Malaysia grew at a CAGR of 15.6% between 2020 and 2022, mainly due to the recovery in global and domestic demand. In 2022, growth of 15.8% was mainly supported by electrical and electronics (E&E), primary and consumer-related clusters (Source: BNM).
- In H1 2023, the sales value of the manufacturing industry in Malaysia grew by 3.5% compared to H1 2022. This was mainly due to a growth of 8.2% in the first quarter of 2023 primarily attributed to the fulfilment of motor vehicle backlogs and continued growth in E&E production, as well as a decline of 1.0% in the second quarter of 2023 mainly due to weaker E&E production and lower refined petroleum production amid a decline in mining output (Sources: DOSM and BNM).



5.3.2 Performance of the wholesale and retail trade industry

- The sales value of the wholesale and retail trade industry in Malaysia grew at a CAGR of 10.9% between 2020 and 2022. In 2022, growth of 16.7% was mainly supported by an increase in household spending following an improvement in the labour market and consumer sentiments.
- In H1 2023, the sales value of the wholesale and retail trade industry in Malaysia grew by 8.7% compared to H1 2022 (Source: DOSM).



7. IMR REPORT (cont'd)**6 COMPETITIVE LANDSCAPE****6.1 Operators within the industry**

- The following list of Malaysian companies serves to indicate the performance of companies with activities that compete with BWYS Group and it is not an exhaustive list. The criteria for selecting them are as follows:
 - involved in the manufacture of sheet metal products, including one or more of the following, namely roofing sheets, trusses, industrial racking systems, welded pipes, and sales and/or rental of scaffoldings;
 - operations in Malaysia; and
 - availability of relatively recent financial information.

Company	Activities				FYE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP ⁽²⁾ (RM mil)	NP/NL ⁽²⁾ (RM mil)	GP Margin ⁽²⁾	NP/NL Margin ⁽²⁾
	RT	IR	P	S						
Public listed companies including their subsidiaries										
Alpine Pipe Manufacturing S/B ⁽³⁾			✓		Jul-22	704.3	110.5	67.5	15.7%	9.6%
Astino Bhd ⁽⁴⁾	✓		✓	✓	Jul-22	613.0	113.2	48.5	18.5%	7.9%
Ajiya Bhd ⁽⁵⁾	✓				Nov-22	294.0	56.8	30.9	19.3%	10.5%
Asteel Group Bhd ⁽⁶⁾	✓				Dec-22	276.7	34.5	-5.2	12.5%	-1.9%
BWYS Group	✓	✓	✓	✓	Dec-22	236.2	56.5	23.5	23.9%	10.0%
Prestar Storage System S/B ⁽⁷⁾		✓			Dec-22	94.9	8.5	-0.9	9.0%	-0.9%
SKB Shutters Corporation Bhd ⁽⁸⁾		✓			Jun-22	74.5	18.2	9.6	24.4%	12.9%
NS BlueScope Lysaght ⁽⁹⁾	✓				Jun-22	56.7	n.a.	0.1	n.a.	0.2%
Eonmetall Systems S/B ⁽¹⁰⁾		✓			Dec-22	48.4	5.3	2.2	10.9%	4.6%
Huatraco Scaffold S/B ⁽¹¹⁾				✓	Jul-22	30.3	5.4	1.4	17.8%	4.6%
Duro Metal Industrial (M) S/B ⁽¹²⁾	✓				Jun-22	23.9	n.a.	1.2	n.a.	5.2%
Private companies										
Le Nam Megasheet (M) S/B ⁽¹³⁾	✓				Oct-22	217.6	30.9	15.3	14.2%	7.0%
PERI Formwork Malaysia S/B ⁽¹⁴⁾				✓	Dec-22	97.1	64.5	12.7	66.4%	13.1%
Dscuff Engineering S/B ⁽¹⁵⁾				✓	Dec-22	77.5	24.1	10.1	31.1%	13.0%
City Top Enterprise S/B ⁽¹⁶⁾	✓				Dec-21	29.7	2.7	-0.1	9.2%	-0.5%
Evergold Metal Roofing S/B ⁽¹⁷⁾	✓				Jun-22	29.5	2.5	0.3	8.5%	0.9%
JCH Steel (M) S/B ⁽¹⁸⁾	✓				Dec-21	23.5	8.6	2.9	36.7%	12.1%

RT= Manufacture of roofing sheets and/or trusses; IR= Manufacture of industrial racking systems; P= Manufacture of welded pipes; S= Sales and/or rental of scaffoldings; FYE= Financial Year Ended; Rev= Revenue; GP= Gross Profit; NP= Net Profit; NL= Net Loss; Bhd= Berhad; S/B= Sendirian Berhad; mil= million; n.a.= not available.

Notes:

- Latest available audited financial information from annual reports for public listed companies, Companies Commission of Malaysia for private companies, and BWYS Group.
- At Group or company level, which may include other business activities, products or services.
- Involved in the manufacture and sale of pipes, hollow sections and other steel products. A subsidiary of Hiap Teck Venture Bhd, a company listed on the Main Market of Bursa Securities.
- Involved in the manufacture and sale of metal building-related products including metal roofing sheets, purlins, trusses, battens, pipes and scaffoldings. Listed on the Main Market of Bursa Securities.
- Involved in the manufacture and trading of roofing materials and all kinds of glass, as well as trading of building materials. Listed on the Main Market of Bursa Securities.

7. IMR REPORT (cont'd)



- (6) Involved in the manufacture of coated steel products and processing of metal roofing, wall cladding, fencing, metal floor decking, light gauge structural components, purlins and framing systems, and trading of building materials. Formerly known as YKGI Holdings Berhad (Bhd). Listed on the Main Market of Bursa Securities.
- (7) Involved in the manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking systems. A subsidiary of Prestar Resources Bhd, listed on the Main Market of Bursa Securities.
- (8) Involved in the manufacture of roller shutters, steel doors as well as storage and handling systems. Listed on the Main Market of Bursa Securities.
- (9) NS BlueScope Lysaght Malaysia Sdn Bhd: Involved in the manufacture of roll-formed steel roofing, wall cladding and accessories. A subsidiary of BlueScope Steel Limited, a company listed on the Australian Securities Exchange.
- (10) Involved in the manufacture and sale of steel racking systems and other steel related products. A subsidiary of Eonmetall Group Bhd, a company listed on the Main Market of Bursa Securities.
- (11) Involved in the manufacture, sale, rental and transportation of scaffolding equipment and a range of steel products. A subsidiary of Hiap Teck Venture Bhd, a company listed on the Main Market of Bursa Securities.
- (12) Involved in the manufacture of steel roofing, wall cladding sheets and other steel related products, and provision of related services. A subsidiary of Mayu Global Group Bhd (formerly known as ATTA Global Group Bhd), a company listed on the Main Market of Bursa Securities.
- (13) Involved in the design, manufacture and distribution of rooftops and C-channel purlin.
- (14) Involved in trading and hiring out of formwork systems, scaffolding and related parts as well as provision of related engineering services.
- (15) Involved In the engineering and trading of scaffolding materials and equipment related to the construction, and oil and gas industries.
- (16) Involved in the manufacture, supply under contract and sale of roofing products, metal battens and frames for doors and walls.
- (17) Involved in the manufacture of metal roofing and general construction.
- (18) Involved in the manufacture of steel and roofing products.

6.2 Barriers to entry

- There are few barriers to entry for the manufacture of sheet metal products including roofing sheets and trusses, industrial racking systems and welded pipes, as well as the sales and rental of scaffoldings. There are no onerous licences, regulations or restrictions governing the entry of new players. Additionally, there are no material impediments to purchasing, selling, importing (some input materials may be subjected to tariffs) or exporting these steel products.
- However, some of the barriers to entry include compliance with building material standards from the Construction Industry Development Board (CIDB) and/or various standards for selected steel products such as roof trusses, scaffoldings and structural welded pipes, the capital investment required in purchasing manufacturing machinery and equipment, and sufficient working capital to purchase input materials and stocking work-in-progress and finished products. As an indication of the level of barriers to entry, there were 273 iron and steel-based product manufacturers registered with the Department of Mineral and Geoscience Malaysia in 2021.

7 MARKET SIZE AND SHARE

Manufacturing	Malaysia Market Size	BWYS Group ⁽¹⁾ Rev/ Vol	Market Share ⁽²⁾
2022 - Metal roofing sheets and trusses (RM million)	1,096 ⁽³⁾	115.3	11%
2021* - Welded pipes and tubes (tonnes)	582,472 ⁽⁴⁾	6,575	1%

* Latest available information. Available in tonnage only; Rev= Revenue; Vol= Volume.

Notes:

- (1) BWYS Group's revenue for the financial year ended 31 December (FYE) 2022 and sales volume of welded pipes for FYE 2021. (Source: BWYS Group)
- (2) (BWYS Group's revenue for FYE 2022 and sales volume of welded pipes for FYE 2021 divided by their respective market size) x 100%. (Source: BWYS Group and Vital Factor analysis)
- (3) Based on 2022 sales value of manufactured metal roofing sheets and trusses. (Source: DOSM)
- (4) Based on 2021 apparent consumption (production + import - export) volume of welded pipes and tubes. (Source Vital Factor analysis)

7. IMR REPORT (cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

8 INDUSTRY CONSIDERATION FACTORS

- Some of the consideration factors that may affect the performance of the sheet metal product industry in Malaysia include, among others:
 - **domestic factors** particularly the building construction and manufacturing industries that drive domestic demand, supply of materials and labour that affects the cost of production, and socio-economic factors affecting GDP, inflation, consumer sentiments and business confidence; and
 - **global factors** such as steel prices, supply chains, geopolitical events, currency fluctuations, and trade wars and sanctions.

Drivers of growth and opportunities

- In 2023, the **Malaysian economy** is projected to expand close to the lower end of the 4.0% to 5.0% range. Growth will continue to be supported by domestic demand amid improving employment and income, as well as the continued implementation of multi-year investment projects. (Source: BNM)
- **Growth in user industries** including building construction, manufacturing as well as wholesale and retail trade industries will serve as a platform for continuing demand for sheet metal products.
 - In 2023, real GDP of the construction industry is forecasted to grow by 6.3% (Source: BNM). Continuing growth in the building construction industry will provide more opportunities for operators involved in the manufacture of sheet metal products such as roofing sheets and trusses, welded pipes, as well as supply of scaffoldings.
 - In 2023, the manufacturing industry is forecasted to grow by 4.0%, supported by growth in the E&E, consumer, construction and primary-related clusters (Source: BNM).
 - The sales value of the wholesale and retail trade industry grew by 16.7% in 2022, and 8.7% in H1 2023 compared to H1 2022 (Source: DOSM).
- In 2023, the Ministry of Investment, Trade and Industry (MITI) launched the **New Industrial Master Plan (NIMP) 2030** for the manufacturing and manufacturing-related service sectors, including the metal sector. The NIMP 2030 is expected to drive growth in Malaysia's manufacturing value-added with a targeted CAGR of 6.5% between 2022 and 2030.

Threats and challenges

- **Sustained increases in steel prices** may adversely affect the demand for sheet metal products, as steel is the main raw material. Any rise in its price would directly impact the cost of production which may lead to higher prices for users, thus potentially reducing the demand for sheet metal products.
- **Shortage and the rising cost of labour** may lead to increased production costs caused by competition for the available workforce and a fall in production, which ultimately result in higher product prices. This may, in turn, reduce the demand for sheet metal products.
- **Potential downturn in the domestic and global economy** that affects domestic demand for the construction and manufacturing industries, and foreign demand for the manufacturing industry.

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

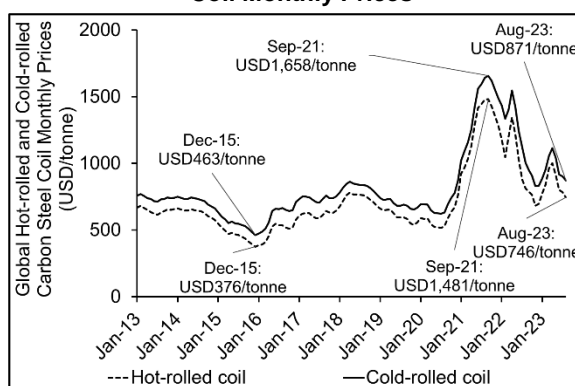
8.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

8.1.1 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.

Steel is a commodity and is subjected to global price fluctuations which affects all operators. 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. The increase in 2021 was mainly due to demand resulting from the global economic recovery and increasing raw material prices. In 2022, global hot-rolled and cold-rolled coil prices increased to USD1,345/tonne and USD1,546/tonne respectively in April 2022 amid supply concerns resulting from geopolitical tensions and subsequently declined to USD746/tonne and USD871/tonne respectively in August 2023 mainly due to subdued global demand and high energy costs (Source: IMR Report).

Global Hot-rolled and Cold-rolled Carbon Steel Coil Monthly Prices



(Source: IMR Report)

Generally, we price our products based on the prevailing market price of steel which form our base price and we will mark up the price of our products taking into consideration the demand from our customers. A decrease in global steel prices will also affect our revenue performance as the price of our steel products are associated to the prevailing steel prices. It may result in a situation where the prevailing prices that our customers may be willing to pay are 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 purchase of the input steel materials, it may result in low profit or losses from the sale which will negatively affect our financial performance.

During the Period Under Review, our financial performance was affected by the price fluctuations of our main input materials namely steel based materials. Our Group's revenue, adjusted GP and adjusted GP margin during the Period Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022
Revenue (RM'000)	130,864	222,435	236,231
Adjusted GP (RM'000)⁽¹⁾	25,257	57,066	51,650
Adjusted GP margin (%)⁽¹⁾	19.3	25.7	21.9

8. RISK FACTORS (*Cont'd*)

Note:

- (1) 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 ("**Additional Import Duty**"). 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 ("**Overaccrued Import Duty**") was reversed in FYE 2022. The adjusted GP and adjusted GP margin excludes the impact of the Additional Import Duty and Overaccrued Import Duty which are one-off in nature.

Our revenue increased by RM91.5 million or 69.9%, to RM222.4 million for FYE 2021. This was mainly due to increase in revenue from roofing sheets and trusses of RM60.0 million or 96.9%, primarily due to the resumption of building construction activities resulting from the progressive relaxation of MCO, as well as the rise in global steel prices in FYE 2021.

Our revenue increased by RM13.8 million or 6.2%, to RM236.2 million for FYE 2022. This was mainly due to increase in revenue from our manufacture of sheet metal products and supply of scaffoldings segments. The decrease in global steel prices during FYE 2022 has affected our selling prices which was offset by the higher volume sold during FYE 2022.

Our adjusted GP increased by RM31.8 million or 125.9%, to RM57.1 million for FYE 2021 and our adjusted GP margin increased to 25.7%. This was mainly contributed by the manufacture of sheet metal products segment which recorded an increase in GP of RM30.0 million or 141.3%, to RM51.1 million for FYE 2021. This was mainly due to we had purchased our raw materials, which are mainly steel-based materials before the significant increase in steel prices during FYE 2021.

Our adjusted GP decreased by RM5.4 million or 9.5%, to RM51.7 million for FYE 2022 and our adjusted GP margin decreased to 21.9% in FYE 2022. This was mainly contributed by the manufacture of sheet metal products segment which recorded a decrease in GP of RM18.8 million or 36.8%, to RM32.3 million for FYE 2022. This was primarily due to the decline in the global steel coil prices during FYE 2022. Our Group had lowered the price of our products following the decline in steel prices, whereas raw materials which are mainly steel-based materials were purchased prior to the decline in steel prices, resulting in our Group's adjusted GP margin to decline in FYE 2022 in line with the fall in steel prices.

We generally maintain a stock holding policy for raw input materials of at least 8 to 12 weeks as most of our raw input materials mainly steel coils require a delivery lead time of 6 to 8 weeks upon the order being placed. Our financial performance including revenue, margins and profitability will be affected when we sell our steel products at prevailing global steel prices which may be lower compared to our purchase cost of steel based materials, which are subject to global prices.

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.

8. RISK FACTORS (Cont'd)

8.1.2 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. The purchases of steel coils including coated cold-rolled steel coils and hot rolled steel coils, accounted for 88.2%, 87.7% and 84.5% of our total purchases of input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. 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.

Furthermore, our reliance on imported steel materials may also expose us to the risks of sustained increases in shipping rates and other supply chain disruptions such as lockdowns or closure of operations in the country of origin such as China due to the impact of the COVID-19. As such, there is no assurance that our business and financial performance would not be affected by any sustained high sea freight rates.

8.1.3 Our financial performance is subject to unfavourable foreign exchange fluctuations

We are exposed to foreign exchange fluctuations including USD mainly arising from our purchases of steel coils and other steel products. During the Period Under Review, our steel coils and other steel products sourced from suppliers in foreign countries include China, Korea, Singapore, Taiwan, Japan and Vietnam. 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.

During the Period Under Review, our sales to customers in Malaysia which were transacted in RM accounted for 98.4%, 91.6% and 95.8% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022. 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.

The purchases of steel coils and other steel products are mainly transacted in USD while our revenue is mainly derived from sales to customers in Malaysia which are transacted in RM. In view of this, our exposure to foreign currency fluctuations from purchases that are transacted in USD are higher compared to the export sales. Any adverse fluctuations in USD against RM may affect our financial performance. A depreciation of the RM against USD will increase the costs of our purchases of steel coils and other steel products and this will have a negative impact on our financial performance if we are unable to pass on the cost increases to our customers.

8. RISK FACTORS (Cont'd)

Details of our foreign currency exchange gain/losses during the Period Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Realised gain/(loss) on foreign exchange	176	(344)	1,330
Unrealised gain/(loss) on foreign exchange	(26)	(192)	(464)
Net gain/(loss)	150	(536)	866

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.

8.1.4 The continuing success of our Group depends on the expertise of our Managing Director and key senior management

Our business operations are dependent on the experience, knowledge and skills of our Managing Director as well as key senior management. 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). Please refer to Section 5 of this Prospectus for further details on the profiles of our Director and key senior management.

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 and are unable to engage a suitable replacement promptly.

8.1.5 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. On 23 July 2022, MITI announced that the obligation to comply with the condition for manufacturing licence holders to maintain a total full-time workforce of at least 80% Malaysians has been deferred to 31 December 2024. Although we have written to MIDA to seek waiver for such condition and have obtained such approval, there is no assurance that we will attract and retain sufficient local workers to meet any shortfall in foreign workers by that time. Failing to comply with this condition by and after 31 December 2024 may result in the suspension, withdrawal or termination of our manufacturing licenses.

8.1.6 Our business is subject to compliance with health, safety and environment (HSE) laws and regulations and any breaches may result in a suspension of our operations and/or subject to penalties

Our operations, including the manufacturing activities conducted at our manufacturing facilities in Penang, Selangor and Kelantan, are subject to compliance with the relevant HSE laws and regulations. Our manufacturing facilities deal with machineries that are involved in forming, welding and cutting, while our trading and warehousing activities involve lifting machineries such as cranes and forklifts. Many of these operations are subject to various HSE laws and regulations. These HSE laws and regulations are concerned with, among others, the occupational health and safety of our employees and contract workers as they perform their jobs as well as the effect of their works that we carry out have on the surrounding environment.

8. RISK FACTORS (Cont'd)

Accidents at our operational facilities that result in injury or harm to our employees and contract workers, as well as failure to comply with the relevant HSE laws and regulations, may result in suspension or restrictions placed on our work as well as possibly incurring penalties. These could disrupt our day-to-day trading, manufacturing and/or processing activities that take place at our operational facilities, and may result in delays or failure to fulfil customer orders. Accidents and/or failure to comply with the relevant HSE laws could result in administrative or legal actions taken against us by affected employees or contract workers, customers and/or regulatory authorities.

During the Period Under Review and up to the LPD, there were no material injuries or harm that affected our employees or contract workers or breach or failure to comply with the relevant HSE laws and regulations that resulted in any of the negative consequences listed above. Nevertheless, there can be no assurance that any injury or harm to our employees or contract workers, or breach or failure to comply with relevant HSE laws and regulations, will not occur in the future.

8.1.7 We may not be able to successfully implement our business strategies to grow our business

We intend to expand our operations in accordance with our business strategies and plans set out in Section 6.6 of this Prospectus. However, there is no assurance that we will be able to effectively implement our plans. Even if we are able to successfully implement our plans, there is no assurance that the results of such plans will lead to the outcomes and results we expect to achieve.

The successful implementation of our business strategies and plans are based on our current circumstances and assumptions that certain circumstances will or will not occur in the future. The execution of our business strategies is also dependent on a number of factors such as our ability to obtain timely and sufficient funding, our ability to execute our business strategies well and to retain and recruit competent management and employees. There are also factors beyond our control that may affect the successful implementation of our business strategies such as the general market conditions, or changes in the Malaysian government's policy or regulatory regime where our business operates.

Further, the implementation of our plans will require capital expenditure, and consequently we will require additional financing to fund our plans in the event the allocated IPO proceeds or internally generated funds are insufficient. There is no assurance that these plans will pay off and increase our revenue to a level which will be commensurate with the costs of our investment. Any failure or delay in the implementation of any or all of our business strategies and plans may have a negative effect on our business, operations and financial performance of our Group.

8.1.8 Our insurance coverage may not cover all losses or liabilities that may arise from our business operations

We maintain insurance policies that apply to our business operations including factories, machinery and equipment, and inventories that we operate to protect against various losses and liabilities. Some of the main insurance coverage we have include fire, flood, burglary, product liability, public liability, money, fidelity guarantee, goods-in-transit, all risks, group personal accident insurance, group health plan insurance, consequential losses and vehicle. As at the LPD, the total sum insured for our insurance policies that apply to our business operations including factories, machinery and equipment, and inventories is RM238.3 million.

We may be exposed to liabilities and losses resulting from among others, environmental factors, operational hazards and occupational risks where we may not have adequate insurance or there may not be sufficient insurance to cover all the risks associated with our business operations. Any losses or damage over our insured limits or in areas where we are not insured or fully insured may adversely affect our financial conditions.

8. RISK FACTORS (Cont'd)

8.1.9 We are exposed to unexpected disruptions in our business operations caused by factors such as machinery and equipment failures, accidents, and natural disasters

Our business operations are dependent on the smooth and efficient running of our manufacturing facilities. We rely on a wide range of machinery and equipment for our production operations. These machinery and equipment may, from time to time, be out of service due to unanticipated failures or damages sustained during our production operations. Please refer to Section 6.5.3.1 of this Prospectus for our major machinery and equipment.

Further, our factories and warehouses are subject to the occurrence of natural disasters such as floods as well as other accidental and operational risks, such as outbreak of fire, explosion, power shortage, sabotage, and civil commotion. These unexpected events may cause interruptions in or prolonged suspension of all or any part of our manufacturing activities which, in turn, may cause significant downtime to our production operations and losses and/or damage to our products, factories, warehouses, and offices. Accordingly, any interruption to or suspension of our operations will affect our manufacturing schedules and timely delivery of our products, which may result in cancellation of purchase orders. Consequently, this may adversely affect our business operations, financial performance, and industry reputation of our Group.

In February 2022, we experienced interruptions in industrial racking system finishing processing operations due to the breakdown of our automated powder coating line at our Penang 1571 Factory. The automated powder coating line was suspended for approximately 2 weeks and the delivery of confirmed purchase orders were deferred to a later date. The total deferred purchase orders were RM0.45 million, and these deferred purchase orders were subsequently fulfilled in the following month. Please refer to Section 6.5.15 of this Prospectus for further details on the interruptions in industrial racking system finishing processing operations.

Save for the temporary disruptions to our operations arising from the COVID-19 and interruptions in industrial racking systems finishing processing operations, our Group did not encounter any other material interruption to our business and operations during the Period Under Review. However, there can be no assurance that any unanticipated failures or damages of our machinery and equipment, accidents, and natural disasters will not happen in the future, or that the occurrence of such incidents will not cause any disruptions to our manufacturing activities and adversely affect our business operations and financial performance.

8.1.10 Our business and financial performance may be affected as we may have to write-down the value of inventory arising from slow-moving inventory

The nature of our business requires us to purchase and keep a certain level of stock of input materials to enable us to fulfil our customers' orders in a timely manner without having to place orders with suppliers as our input materials are mainly imported. In addition, we also manufacture stocks for our sheet metal and scaffolding products. We also serve a large pool of customers who are mainly hardware wholesalers and retailers where we do not have long term contracts.

Our inventories amounted to RM43.8 million, RM95.0 million and RM86.2 million as at the FYE 2020, FYE 2021 and FYE 2022 respectively, and our inventory turnover periods were 159 days, 149 days and 184 days as at the FYE 2020, FYE 2021 and FYE 2022 respectively. Input materials comprise of 38.6%, 50.2% and 57.3% of our inventories for FYE 2020, FYE 2021 and FYE 2022 respectively.

As the value of our inventory is high, we are exposed to the risks of write-down or higher holding costs of inventory if our input materials remain unused or our finished goods remain unsold for an extended time. This could adversely affect our financial performance and working capital arising from write-down and higher inventory holding costs. During the Period Under Review and up to LPD, our Group do not have any inventories written down.

8. RISK FACTORS (Cont'd)

Although we have recorded a positive operating cash flow for the Period Under Review and put in place measures to minimise write-downs and slow-moving stocks there can be no assurance that this would not adversely affect our financial performance in the future.

8.1.11 We are exposed to credit risk from our customers

We are exposed to credit risks from customers whom we have granted credit period. During the Period Under Review, the normal credit term granted ranges from 30 days to 90 days. Our trade receivables turnover period was 104 days, 55 days and 55 days for FYE 2020, FYE 2021 and FYE 2022 respectively. In the event of any downturn in our customer's business performance, this may adversely affect our customer's ability to pay us for the goods we have supplied, which in turn may adversely affect our cash flow and profitability. If customers fail to pay us within the stipulated credit period or fail to pay us at all, we could be required to make an allowance for any impairment losses to our trade receivables or write off our bad debts, either of which would adversely affect our business performance.

The impairment loss on trade receivables was 1.8% (RM0.6 million), 7.6% (RM2.9 million) and 2.7% (RM1.1 million) of our total trade receivables for the FYE 2020, FYE 2021 and FYE 2022 respectively. The impairment loss on trade receivables is based on the estimated credit loss (ECL) computation under MFRS 9 and the amount of ECL was accessed at each reporting period to reflect changes in credit risks since the initial recognition of trade receivables. In addition, there were bad debts written off accounted for 0.5% (RM27,000), 6.1% (RM1.8 million) and 0.4% (RM0.1 million) of our total PBT for the FYE 2020, FYE 2021 and FYE 2022 respectively. There can be no assurance that the additional allowance for impairment losses to our trade receivables and bad debts written off will not increase in the future.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 A sustained high steel price may affect the demand for our steel products

We face the risk of sustained high steel prices that may result in higher prices for our manufactured steel products and this may affect the demand of our products.

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 purchases of steel based materials accounted for 92.3%, 94.5% and 96.9% of our total purchases of input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively.

As a commodity, steel in its primary and processed forms are globally traded and are subject to price fluctuations. 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. The increase in 2021 was mainly due to demand resulting from the global economic recovery and increasing raw material prices. In 2022, global hot-rolled and cold-rolled coil prices increased to USD1,345/tonne and USD1,546/tonne respectively in April 2022 amid supply concerns resulting from geopolitical tensions and subsequently declined to USD746/tonne and USD871/tonne respectively in August 2023 mainly due to subdued global demand and high energy costs (*Source: IMR Report*). All operators who are dealing with steel materials would be equally affected by the price fluctuations as steel is a commodity and is subjected to global price fluctuations which affects all operators. As such, a sustained high steel prices will affect the demand of manufactured steel products for all operators.

There is a risk that the sustained high prices of steel materials may affect the demand for our steel products and result in lower orders from our customers which could in turn affect our financial performance including revenue, GP and GP margin.

8. RISK FACTORS (Cont'd)

8.2.2 We are subject to economic, social, political, regulatory and pandemic risks

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions including, among others, temporary suspension of our business operations. Please refer to Section 6.5.15 of this Prospectus for further details on the impact of the COVID-19.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control, will not materially affect our business operations and financial performance.

8.2.3 We are subject to competition from other operators in the industry

There are few barriers to entry for the manufacture of roofing sheets and trusses, industrial racking systems and welded pipes as well as the sales and rental of scaffoldings as there are no onerous licences, regulations or restrictions governing the entry of new players. Additionally, there are no material impediments to purchasing, selling, importing (some input materials may be subjected to tariffs) or exporting these steel products. However, some of the barriers to entry include compliance with building material standards from the CIDB and/or various standards for selected steel products such as roof trusses, scaffolding and structural welded pipes, the capital investment required in purchasing manufacturing machinery and equipment, and sufficient working capital to purchase input materials and stocking work-in-progress and finished products. *(Source: IMR Report)*

We face competition from other operators in the manufacture of roofing sheets and trusses, industrial racking systems and welded pipes as well as the sales and rental of scaffoldings. Operators in our industry compete based on factors such as, among others, pricing, quality and other requirements and promptness in fulfilling orders. Competition may result in, among other adverse effects, reduction in our product pricing, revenue and/or profit margins, loss of existing customers and/or failure to secure new customers, which may adversely affect our financial performance and growth prospects.

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8. RISK FACTORS (Cont'd)

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no prior market for our Shares. Our Listing does not guarantee that an active market for the trading of our Shares will develop, or if developed, that such market can be sustained. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There also can be no assurance that the IPO Price which has been determined after taking into consideration the factors as set out in Section 4.4 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

- (a) The selected investors failed to subscribe for their portion of our IPO Shares;
- (b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (c) The revocation of the approvals from the relevant authorities prior to our Listing and/or admission for whatever reason; or
- (d) We are unable to meet the public shareholding spread requirements of the Listing Requirements, whereby at least 25.0% of our total number of Shares for which Listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (d) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of Sections 243(2) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8. RISK FACTORS (Cont'd)

8.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

8.3.4 There is no assurance of payment of dividends to our shareholders

It is the intention of our Board to recommend and distribute a dividend of the profit attributable to our shareholders. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded, excess of funds not required to be retained for working capital for our business, capital expenditure and other investment plans.

In addition, 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 by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to Section 11.7 of this Prospectus for further information on our dividend policy.

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8. RISK FACTORS (Cont'd)

8.4 OTHER RISKS

8.4.1 Our Promoter will be able to exert significant influence over our Company

Upon completion of our IPO, our Promoter will hold 668,910,000 Shares, representing approximately 65.2% of our enlarged share capital. Because of the size of his shareholdings, our Promoter will be able to control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoter will be aligned with those of our other shareholders. The interests of our Promoter may differ from the interests of our other shareholders and our Promoter may be able to exercise significant influence over the vote of our Shares.

Our Promoter could also have significant influence in determining the outcome of any corporate transaction or other matters submitted to our shareholders for approval. This includes the election of Directors, dividend policy, approval of business ventures and having voting control over our Group. As such, our Promoter will have significant influence on the outcome of any ordinary resolution (which requires a simple majority of 50% plus 1 voting share) to be tabled at any general meeting, unless he is required to abstain from voting by law and/or as required by the relevant authorities.

8.4.2 Our future fund-raising exercise may result in dilution of shareholdings

Our capital requirements are dependent on, amongst others, our business, the availability of our resources in attracting, maintaining and enlarging our customer base and the need to maintain and expand our product offerings. Thus, we may need additional capital expenditure for future expansions and/or investments. Subject to Section 85 of the Act and the Constitution, an issue of new Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

8.4.3 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

9. RELATED PARTY TRANSACTIONS

9.1 MATERIAL RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our directors, substantial shareholders and/or persons connected with them which are material to our Group during Period Under Review and up to LPD:

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
YHTJ Sabah	BWYS Steel	KBH is our Managing Director, Promoter and substantial shareholder.	Sales of sheet metal products, steel materials and scaffoldings to YHTJ Sabah	487,199 (0.4% of the Group's revenue)	725,041 (0.3% of the Group's revenue)	-	-
		KBH is a director and shareholder of YHTJ Sabah while KBT is a director of BWYS Steel and YHTJ Sabah.	Interest income on advances to YHTJ Sabah ⁽¹⁾	49,427 (1.8% of the Group's operating income)	25,129 (0.3% of the Group's operating income)	-	-
			Purchases of scaffoldings from YHTJ Sabah	-	(565,294) (0.2% of the Group's total assets)	(42,167) (less than 0.1% of the Group's total assets)	-
			Interest expenses on advances from YHTJ Sabah ⁽²⁾	-	(13,906) (0.3% of the Group's finance costs)	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			
				FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
				RM	RM	RM	RM
			Rental expenses of Kota Kinabalu warehouse and office paid to YHTJ Sabah ⁽³⁾	-	-	(310,080)	(206,720)
						(1.0% of the Group's administrative and distribution expenses)	⁽⁷⁾ (N/A)
YHTJ Sarawak	BWYS Steel	KBH is our Managing Director, Promoter and substantial shareholder.	Sales return of scaffoldings from YHTJ Sarawak	(117,657)	-	-	-
				(Not applicable)			
		KBH is a director and shareholder of YHTJ Sarawak while KBT is a director of BWYS Steel and YHTJ Sarawak.	Rental expenses of Bintulu warehouse and office paid to YHTJ Sarawak ⁽⁴⁾	(280,980)	(280,980)	(150,000)	(100,000)
				(1.6% of the Group's administrative and distribution expenses)	(1.2% of the Group's administrative and distribution expenses)	(0.5% of the Group's administrative and distribution expenses)	⁽⁷⁾ (N/A)
			Interest expenses on advances from YHTJ Sarawak ⁽²⁾	-	(43,583)	-	-
					(1.0% of the Group's finance costs)		

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
Visage Global	BWYS Steel	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Global.	Sales of sheet metal products to Visage Global	1,954,082 (1.5% of the Group's revenue)	1,836,094 (0.8% of the Group's revenue)	3,195,360 (1.4% of the Group's revenue)	2,242,477 (⁽⁷⁾ (N/A))
			Purchases of aluminium foil and wiremesh from Visage Global	-	-	(16,694) (0.1% of the Group's administrative and distribution expenses)	(10,260) (⁽⁷⁾ (N/A))
			Interest income on advances to Visage Global ⁽¹⁾	15,950 (0.6% of the Group's other operating income)	11,156 (0.1% of the Group's other operating income)	-	-
			Interest expenses on advances from Visage Global ⁽²⁾	(23,333) (0.5% of the Group's finance costs)	(28,394) (0.6% of the Group's finance costs)	(38,393) (0.7% of the Group's finance costs)	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
Visage Industries	BWYS Steel	KBH is our Managing Director, Promoter and substantial shareholder. KBH is the director and shareholder of Visage Industries while KBT is a director of BWYS Steel and Visage Industries.	Sales of sheet metal products to Visage Industries	53,368 (less than 0.1% of the Group's revenue)	23,669 (less than 0.1% of the Group's revenue)	131,781 (less than 0.1% of the Group's revenue)	21,646 (⁷)N/A
			Purchases of steel materials from Visage Industries	-	(16,815) (less than 0.1% of the Group's cost of sales)	-	-
			Interest expenses on advances from Visage Industries ⁽⁸⁾	(71,224) (1.7% of the Group's finance costs)	(181,529) (4.1% of the Group's finance costs)	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	1 January 2023 up to LPD RM
Eco High	BWYS Steel	<p>KBH is our Managing Director, Promoter and substantial shareholder.</p> <p>Eco High was an associate company of BWYS Steel with BWYS Steel holding 44% of its shares until disposal of the shares on 8 December 2022. KBH and KMH were the indirect shareholders of Eco High via their shareholdings in BWYS Steel.</p>	Sales of steel related products to Eco High	95,491 (less than 0.1% of the Group's revenue)	36,016 (less than 0.1% of the Group's revenue)	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
KBH	BWYS Steel	KBH is BWYS Group's Managing Director, Promoter and substantial shareholder.	Disposal of shares in Visage Industries to KBH	-	-	11,134,502	-
			Disposal of shares in YHTJ R & D Sdn Bhd (previously known as Visage R & D Sdn Bhd) to KBH	-	1	-	-
YHTJ Sabah	YS Success	KBH is our Managing Director, Promoter and substantial shareholder.	Sales of sheet metal products and steel materials to YHTJ Sabah	157,958 (0.1% of the Group's revenue)	347,115 (0.2% of the Group's revenue)	-	-
			Rental expenses of Kota Kinabalu warehouse and office to YHTJ Sabah ⁽³⁾	-	-	(4,080)	(2,720)
			Interest income on advances to YHTJ Sabah ⁽¹⁾	2,504 (less than 0.1% of the Group's other operating income)	1,846 (less than 0.1% of the Group's other operating income)	-	-
		KBH is a director and shareholder of YHTJ Sabah while KBT is a director of YS Success and YHTJ Sabah			(less than 0.1% of the Group's administrative and distribution expenses)	⁽⁷⁾ (N/A)	

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023
				FYE 2020	FYE 2021	FYE 2022	up to LPD
				RM	RM	RM	RM
			Interest expenses on advances from YHTJ Sabah ⁽²⁾	-	(14,767)	(36,362)	-
			Provision of management services to YHTJ Sabah	96,000 (3.5% of the Group's other operating income)	96,000 (1.1% of the Group's other operating income)	-	-
Visage Global	YS Success	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Global.	Provision of management services to Visage Global	48,000 (1.7% of the Group's other operating income)	48,000 (0.5% of the Group's other operating income)	48,000 (0.4% of the Group's other operating income)	12,000 ⁽⁷⁾ (N/A)
			Purchase of property, plant and equipment from Visage Global	-	-	(21,550) (less than 0.1% of the Group's total assets)	-
			Interest expenses on advances from Visage Global ⁽²⁾	(2,158) (less than 0.1% of the Group's finance costs)	-	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
			Rental income of production floor and office space paid by Visage Global	12,000 (0.4% of the Group's other operating income)	12,000 (0.1% of the Group's other operating income)	12,000 (0.1% of the Group's other operating income)	3,000 (⁽⁷⁾ (N/A))
Visage Industries	YS Success	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Industries while KBT is a director of YS Success and Visage Industries.	Sales of sheet metal products to Visage Industries Interest expenses on advances from Visage Industries ⁽²⁾	- (401,368) (9.4% of the Group's finance costs)	8,794 (140,713) (3.2% of the Group's finance costs)	2,160 (1,055) (less than 0.1% of the Group's finance costs)	120 (⁽⁷⁾ (N/A)) -
YHTJ Sarawak	YS Success	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of YHTJ Sarawak while KBT is a director of YS Success and YHTJ Sarawak.	Rental expenses of office space paid to YHTJ Sarawak ⁽⁴⁾	(16,524) (0.1% of the Group's administrative and distribution expenses)	(16,524) (0.1% of the Group's administrative and distribution expenses)	(2,400) (less than 0.1% of the Group's administrative and distribution expenses)	(1,600) (⁽⁷⁾ (N/A))

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023
				FYE 2020	FYE 2021	FYE 2022	up to LPD
				RM	RM	RM	RM
			Interest expenses on advances from YHTJ Sarawak ⁽²⁾	-	(26,756)	(56,070)	-
					(0.6% of the Group's finance costs)	(1.0% of the Group's finance costs)	
Eco High	YS Success	KBH is our Managing Director, Promoter and substantial shareholder.	Sales of steel metal products to Eco High	12,388	277,501	-	-
				(less than 0.1% of the Group's revenue)	(0.1% of the Group's revenue)		
		Eco High was an associate company of BWYS Steel with BWYS Steel holding 44% of its shares until disposal of the shares on 8 December 2022.	Rental income of production floor and office space paid by Eco High ⁽⁵⁾	57,500	60,000	-	-
		KBH and KMH were the indirect shareholders of Eco High via their shareholdings in BWYS Steel.	Interest income on advances to Eco High ⁽¹⁾	13,180	20,466	-	-
				(0.5% of the Group's other operating income)	(0.2% of the Group's other operating income)		
YHTJ Sabah	BW Scaffold	KBH is our Managing Director, Promoter and substantial shareholder.	Sales of scaffoldings to YHTJ Sabah	968,821	693,727	-	-
				(0.7% of the Group's revenue)	(0.3% of the Group's revenue)		

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			
				FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
				RM	RM	RM	RM
		KBH is a director and shareholder of YHTJ Sabah while KBT is a director of BW Scaffold and YHTJ Sabah.	Purchases of property, plant and equipment from YHTJ Sabah	-	(2,721,956)	-	-
			Purchases of scaffoldings from YHTJ Sabah	-	(1,911,162)	-	-
			Interest income on advances to YHTJ Sabah ⁽¹⁾	26,168	1,612	-	-
				(0.9% of the Group's other operating income)	(less than 0.1% of the Group's other operating income)		
			Rental expenses of Kota Kinabalu warehouse and office to YHTJ Sabah ⁽³⁾	-	-	(290,700)	(193,800)
						(1.0% of the Group's administrative and distribution expenses)	⁽⁷⁾ (N/A)

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
YHTJ Sarawak	BW Scaffold	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of YHTJ Sarawak while KBT is a director of BW Scaffold and YHTJ Sarawak.	Interest income on advances to YHTJ Sarawak ⁽¹⁾	46,647	10,502	-	-
			Rental expenses of Bintulu warehouse and office to YHTJ Sarawak ⁽⁴⁾	-	-	(207,600)	(138,400)
				(1.7% of the Group's other operating income)	(0.1% of the Group's other operating income)	(0.7% of the Group's administrative and distribution expenses)	⁽⁷⁾ (N/A)
Visage Global	BW Scaffold	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Global.	Sales of scaffoldings to Visage Global	-	181,932	-	147,350
						(less than 0.1% of the Group's revenue)	⁽⁷⁾ (N/A)

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
Visage Industries	YS Global	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Industries while KBT is a director of YS Global and Visage Industries.	Rental expenses of production floor and office space paid to Visage Industries ⁽⁶⁾	-	(60,000) (0.2% of the Group's administrative and distribution expenses)	(40,000) (0.1% of the Group's administrative and distribution expenses)	-
Visage Global	BWYS Timur	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Global.	Sales of sheet metal products to Visage Global	-	-	67,560 (less than 0.1% of the Group's revenue)	2,184 ⁽⁷⁾ (N/A)

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	RM
YHTJ Sabah	BWYSSB	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of YHTJ Sabah while KBT is a director of BWYSSB and YHTJ Sabah.	Interest income on advances to YHTJ Sabah ⁽¹⁾	45,845 (1.7% of the Group's other operating income)	24,529 (0.3% of the Group's other operating income)	26,533 (0.2% of the Group's other operating income)	-
YHTJ Sarawak	BWYSSB	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of YHTJ Sarawak while KBT is a director of BWYSSB and YHTJ Sarawak.	Rental expenses of office area paid to YHTJ Sarawak ⁽⁴⁾	(33,060) (0.2% of the Group's administrative and distribution expenses)	(33,060) (0.1% of the Group's administrative and distribution expenses)	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			1 January 2023 up to LPD
				FYE 2020	FYE 2021	FYE 2022	RM
				RM	RM	RM	RM
Visage Industries	BWYSSB	KBH is our Managing Director, Promoter and substantial shareholder. KBH is a director and shareholder of Visage Industries while KBT is a director of BWYSSB and Visage Industries.	Sales of scaffoldings to Visage Industries	2,638 (less than 0.1% of the Group's revenue)	-	-	-

9. RELATED PARTY TRANSACTIONS (cont'd)

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values			
				FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	1 January 2023 up to LPD RM
Eco High	BWYSSB	KBH is our Managing Director, Promoter and substantial shareholder. Eco High was an associate company of BWYS Steel with BWYS Steel holding 44% of its shares until disposal of the shares on 8 December 2022. KBH and KMH were the indirect shareholders of Eco High via their shareholdings in BWYS Steel.	Sales of scaffoldings to Eco High	-	21,875 (less than 0.1% of the Group's revenue)	-	-

Notes:

- (1) These advances to our related parties which were used for their working capital purposes were extended at an interest rate of 8% per annum. The interest rate was then reduced to 7% per annum with effect from 1 May 2020.
- (2) These advances from our related parties which were used for our working capital purposes were extended at an interest rate of 8% per annum. The interest rate was then reduced to 7% per annum with effect from 1 May 2020.

9. RELATED PARTY TRANSACTIONS (cont'd)

- (3) BWYS Steel, YS Success and BW Scaffold had entered into tenancy agreements with YHTJ Sabah, respectively for the rental of the Kota Kinabalu warehouse and office for a period of 24 months. The tenancies granted to BWYS Steel and BW Scaffold commenced from 1 December 2021 to 30 November 2023 whereas the tenancy granted to YS Success commenced from 1 January 2022 to 31 December 2023.
- (4) BWYS Steel, YS Success, BW Scaffold and BWYSSB had entered into tenancy agreements with YHTJ Sarawak, respectively for the rental of the Bintulu warehouse and office for an initial period of 24 months. The tenancies granted to BWYS Steel and YS Success commenced from 1 January 2020 to 31 December 2021 and were subsequently renewed for a further term of 24 months commencing from 1 January 2022 to 31 December 2023. The tenancy granted to BW Scaffold commenced from 1 January 2022 to 31 December 2023. The tenancy granted to BWYSSB commenced from 1 January 2020 to 31 December 2021 and has since expired.
- (5) YS Success had entered into a tenancy agreement with Eco High for the rental of a production floor and office space for the first floor of Penang 1571 Factory for an initial period of 12 months from 1 January 2020 to 31 December 2020 which was subsequently renewed for a further term of 12 months commencing from 1 January 2021 to 31 December 2021 and has since expired.
- (6) YS Global entered into a tenancy agreement with Visage Industries for rental of a production floor and office space located at Plot 162A, Lorong Perindustrian Bukit Minyak 11, Kawasan Perindustrian Bukit Minyak MK 13, 14100 Bukit Minyak, Pulau Pinang for an initial period of 12 months from 1 January 2021 to 31 December 2021 which was subsequently renewed for a further term of 12 months commencing from 1 January 2022 to 31 December 2022 and has since expired.
- (7) Not applicable as we did not prepare any financial statements from 1 January 2023 up to LPD.

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9. RELATED PARTY TRANSACTIONS (cont'd)

As at the LPD, save for the assignment of trademark from Visage Industries to BWYS Steel as stated in Section 6.5.11 of this Prospectus, there are no related party transactions entered into but not yet effected.

Our Directors (save for KBH) are of the view that the related party transactions above (save for the related party transactions which were not conducted on an arm's length basis as disclosed in paragraph (i) to (iii) below) were carried out in the best interest of our Group on an arm's length basis, competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders based on the following benchmarks:

- (a) the sales/purchases of products to the related parties were performed within the cost structure and market rates, whereby the price paid by/to the related parties are in line and/or on terms equivalent to those that prevail in an arm's length transaction with third parties;
- (b) the terms and rental rates of the rented offices are comparable to the rental rates of office units located in the vicinity of the relevant properties;
- (c) the consideration for the disposal of shares in Visage Industries was arrived at on a willing buyer-willing seller basis after taking into consideration the adjusted audited net assets of the company as at 31 December 2021 of RM11.1 million including adjustment made to reflect the fair value of properties amounting to RM6.5 million based on an independent valuer's valuation report dated 16 August 2021.

The following transactions were not conducted on an arm's length basis:

- (i) the advances from our Directors, as they were interest free;
- (ii) the advances from our related parties to our Group and our advances to our related parties, as they were extended at an interest rate of 8% per annum (and with effect from 1 May 2020, at an interest rate of 7% per annum), which were above the prevailing interest rate imposed by banks; and
- (iii) the consideration for the disposal of shares in YHTJ R&D Sdn Bhd was arrived at on a willing buyer-willing seller basis at the original cost of investment of RM1 in view of the net liabilities of the company.

As at the date of this Prospectus, all these advances have been settled and these transactions are not expected to continue moving forward.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or

9. RELATED PARTY TRANSACTIONS (cont'd)

- (ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

- (i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9. RELATED PARTY TRANSACTIONS (*cont'd*)

9.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during Period Under Review and the subsequent period up to the LPD.

9.3 LOANS MADE TO AND FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below and Section 9.4 of this Prospectus, there are no loans made to and financial assistance provided for the benefit of the related parties for the Period Under Review and the subsequent period up to the LPD:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>As at LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Amount due to director</u>				
KBH	8,270	8,270	8,270	-
<u>Amount due to related parties</u>				
Visage Industries	8,782	2,210	-	-
Visage Global	501	813	-	-
YHTJ Sarawak	252	1,352	-	-
YHTJ Sabah	-	1,294	-	-
Eco High	-	109	-	-
Total	9,535	5,778	-	-
<u>Amount due from related parties</u>				
Visage Industries	-	9	-	-
YHTJ Sabah	207	2	-	-
Eco High	15	6	-	-
Visage R&D	8	8	-	-
Total	230	25	-	-

As at the LPD, the amount due to related parties were fully repaid and amount due to director were capitalised. Please refer to Section 6.1.3(a) of this Prospectus for the Capitalisations.

9. RELATED PARTY TRANSACTIONS *(cont'd)*

9.4 OTHER TRANSACTIONS

9.4.1 Personal and corporate guarantees

As at LPD, the following individuals have jointly and severally provided personal guarantees for the banking and financing facilities extended by Al Rajhi Banking & Investment Corporation (Malaysia) Berhad, Affin Bank Berhad, AmBank (M) Berhad, AmBank Islamic Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad, MBSB Bank Berhad and Public Bank Berhad ("**Financiers**") to our Group. The banking and financing facilities are generally for the purposes of acquisitions of property, plant and equipment and working capital requirements. The details of the banking and financing facilities are set out below:

Financiers/ Borrower	Guarantor	Type of facility	Facility Limit	Outstanding balance as at the LPD
			RM	RM'000
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad/ BWYS Steel	(a) KBH (b) KBT (c) Ong Seow Yan ⁽¹⁾	5 trade facilities, 1 bank guarantee and 1 [forward foreign exchange/ foreign exchange contract/ foreign currency loan] (" FX ") facility	45,000,000.00	37,455
AmBank Islamic Berhad/ BWYS Steel	(a) KBT (b) KBH (c) Ong Seow Yan ⁽¹⁾	2 term financing facilities, 1 revolving credit facility and 2 trade facilities	60,450,000.00	33,713
Malayan Banking Berhad/ BWYS Steel	(a) KBH (b) KBT (c) Ong Seow Yan ⁽¹⁾	1 overdraft facility, 4 trade facilities, 1 bank guarantee and 1 FX facility	4,000,000.00	-
Malayan Banking Berhad/ YS Success	(a) KBH (b) KBT	1 overdraft facility, 4 FX facilities, 3 trade facilities and 1 bank guarantee	4,000,000.00	1,504
AmBank (M) Berhad/ YS Success	(a) KBH (b) KBT	3 term loans, 1 overdraft facility and 1 multi trade facilities	48,583,000.00	29,846

9. RELATED PARTY TRANSACTIONS (cont'd)

Financiers/ Borrower	Guarantor	Type of facility	Facility Limit	Outstanding balance as at the LPD
			RM	RM'000
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad/ YS Success	(a) KBH (b) KBT	5 trade facilities, 1 bank guarantee and 1 FX facility	6,000,000.00	4,205
Malayan Banking Berhad/ BW Scaffold	(a) KBH (b) KBT	1 overdraft facility, 2 term loans, 3 trade facilities and 1 bank guarantee	33,800,000.00	31,965
AmBank (M) Berhad/ BWYS Timur	(a) KBH (b) KBT	3 term loans, 1 overdraft facility and 1 multi trade facilities	6,416,000.00	1,179
AmBank (M) Berhad/ YS Global	(a) KBH (b) KBT	1 overdraft facility, 1 multi trade facilities and 1 FX Facility	5,500,000.00	642
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad /YS Global	(a) KBH (b) KBT	5 trade facilities, 1 bank guarantee and 1 FX facility	10,000,000.00	2,564
Malayan Banking Berhad/ BWYSSB	(a) KBH (b) KBT	1 term loan, 2 trade facilities and 1 bank guarantee	1,500,000.00	-
Malayan Banking Berhad/ BWYSSB	(a) KBH (b) KBT	2 term loans and 1 overdraft facility	2,500,000.00	1,211
AmBank Islamic Berhad/ BWYS Steel	(a) KBH (b) KBT (c) Ong Seow Yan ⁽¹⁾	3 hire purchase facilities	1,500,000.00	172

9. RELATED PARTY TRANSACTIONS (cont'd)

Financiers/ Borrower	Guarantor	Type of facility	Facility Limit	Outstanding balance as at the LPD
			RM	RM'000
MBSB Bank Berhad/ BWYS Steel	(a) KBH (b) KBT (c) Ong Seow Yan ⁽¹⁾	1 hire purchase facility	1,500,000.00	246
Affin Bank Berhad / BWYS Steel	KBH	14 hire purchase facilities	1,932,000.00	1,327
Public Bank Berhad / BWYS Steel	KBH	4 hire purchase facilities	422,000.00	150
MBSB Bank Berhad/ YS Success	(a) KBH (b) KBT	2 hire purchase facilities	2,500,000.00	474
Affin Bank Berhad/ YS Success	KBH	3 hire purchase facilities	339,000.00	203
Public Bank Berhad / YS Success	KBH	1 hire purchase facility	43,000.00	13
Affin Bank Berhad/ BW Scaffold	KBH	2 hire purchase facilities	150,000.00	100
Hong Leong Bank Berhad/ BW Scaffold	KBH	1 hire purchase facility	1,550,000.00	1,339

9. RELATED PARTY TRANSACTIONS (cont'd)

Financiers/ Borrower	Guarantor	Type of facility	Facility Limit	Outstanding balance as at the LPD
			RM	RM'000
Affin Bank Berhad/ BWYS Timur	KBH	4 hire purchase facilities	608,000.00	491
Public Bank Berhad/ BWYS Timur	KBH	1 hire purchase facility	90,000.00	-
Ambank (M) Berhad/ Global	(a) KBH (b) KBT	2 hire purchase facilities	1,121,220.90	516

Note:

(1) The guarantee was provided by Ong Seow Yan as a director of BWYS Steel.

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received all conditional approvals from the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from BWYS. We have also received letters from MBSB Bank Berhad noting the Listing and will carry out a review of our request to discharge the above guarantees in favour of MBSB Bank Berhad upon the Listing.

The Financiers have imposed conditions that the discharge is conditional upon the completion of the Listing and execution and perfection of a corporate guarantee by the Company.

9. RELATED PARTY TRANSACTIONS (cont'd)

9.4.2 Promotions of any material assets acquired/to be acquired within 3 financial years preceding the date of this Prospectus

Save as disclosed below, none of our Directors or substantial shareholder had any interest, direct or indirect, in the promotion of or in any material assets which had been, within Period Under Review, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us:

- (i) Rental of Bintulu warehouse and office from YHTJ Sarawak in which KBH is a director and shareholder and KBT is a director;
- (ii) Rental of Kota Kinabalu warehouse and office from YHTJ Sabah in which KBH is a director and shareholder and KBT is a director;
- (iii) Rental of Penang 1571 Factory to Visage Global in which KBH is a director and shareholder; and
- (iv) Rental of Plot 162A, Lorong Perindustrian Bukit Minyak 11, Kawasan Perindustrian Bukit Minyak MK 13, 14100 Bukit Minyak, Pulau Pinang from Visage Industries in which KBH is a director and shareholder.

9.4.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities which is the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (i) Agreement between BWYS and M&A Securities for the appointment of M&A Securities as Principal Adviser, Sponsor, Underwriter and Placement Agent; and
- (ii) Underwriting Agreement entered into between our Company and M&A Securities for the underwriting of 112,773,600 Issue Shares.

10. CONFLICT OF INTEREST

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

Save as disclosed below, during the Period Under Review and up to LPD, none of our Directors or substantial shareholder have or has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade or are the customers and/or suppliers of our Group.

(a) Visage Global

Visage Global is our customer since 2014 and had made purchases of sheet metal products such as roofing sheets and trusses as well as scaffoldings for their subcontractor services. Sales made to Visage Global represents less than 2.0% of our Group's sales during the Period Under Review. The transactions between the Group were carried out on an arms' length basis and on normal commercial terms which are not favourable to Visage Global than those generally available to third parties.

Visage Global is principally engaged in subcontractor services for construction and trading of construction materials (such as plywood, timber mix wood and autoclaved aerated cement blocks). KBH is our Managing Director of our Group as well as the director and 70.0% shareholder of Visage Global. The other directors and shareholders of Visage Global are Chee Tai Hwei (22.0%) and Heah Yew Seng (8.0%). These individuals are third parties and not related to the Promoter, Directors and key senior management of BWYS.

Upon the Listing, sales made to Visage Global shall be deemed as related party transactions under the Listing Requirements.

Our Board is of the view that any potential conflict of interest situation which may arise through the direct or indirect interests of our Directors and / or substantial shareholders is mitigated due to the following:

- (i) KBH does not hold any executive roles in Visage Global and is not involved in the day-to-day operations of Visage Global;
- (ii) Visage Global has their own independent and standalone management team to undertake its day-to-day management and operations; and
- (iii) Visage Global is not involved in the same business activities as the Group as it is principally engaged in subcontractor services for construction and trading of construction materials.

In order to mitigate any potential conflict of interest, our Audit and Risk Management Committee has reviewed the transactions with Visage Global for the Period Under Review and will review all future transactions with Visage Global to ensure that all sales made to Visage Global will be undertaken on an arm's length basis. In addition, we will also seek approval from shareholders for any related party transactions as required under the Listing Requirements.

Based on our Audit and Risk Management Committee's review, all transactions entered into with Visage Global during the Period Under Review and up to the LPD were conducted on an arm's length basis.

10. CONFLICT OF INTEREST (cont'd)**(b) Other companies involved in similar or related trade as our Group and/or were customers or suppliers of our Group**

During the Period Under Review and up to the LPD, our Directors and/or substantial shareholder have interest in the following companies which were carrying on a similar or related trade as our Group and/or were customers or suppliers of our Group:

No.	Company	Nature of interest	Nature of transactions	Principal activities	
				Past	Present
1.	YHTJ Sabah	YHTJ Sabah was carrying on a similar or related trade as the Group. YHTJ Sabah was also the Group's customer and supplier during the Period Under Review. As at LPD, KBH is our Managing Director. During the Period Under Review and as at the LPD, KBH is the director and 85.0% shareholder of YHTJ Sabah.	Sales of sheet metal products, steel materials and scaffoldings to YHTJ Sabah Purchases of scaffoldings from YHTJ Sabah	Sales and rental of scaffoldings and other steel related products	Investment holding in properties
2.	Visage Industries	Visage Industries was carrying on a similar or related trade as the Group. Visage Industries was also the Group's customer and supplier during the Period Under Review. Visage Industries was a subsidiary of BWYS Steel with BWYS Steel holding 100.0% of its shares until disposal of its entire shareholdings to KBH in FYE 2022. As at LPD, KBH is our Managing Director. During the Period Under Review and as at the LPD, KBH is the director and 100.0% shareholder of Visage Industries.	Sales of sheet metal products and scaffoldings to Visage Industries Purchases of steel materials from Visage Industries	Provision of design, manufacture, supply and installation of light weight steel roof truss system and metal roofing	Investment holding in properties

YHTJ Sabah and Visage Industries have changed their principal activities to investment holding in properties on 1 August 2023 and 21 July 2023 respectively and are no longer carrying on a similar or related trade with our Group.

10. CONFLICT OF INTEREST (cont'd)

During the Period Under Review, our Directors and/or substantial shareholder had interest in the following companies which are carrying on similar or related trade as our Group and/or were customer of our Group:

No.	Company	Nature of interest	Nature of transactions	Principal activities
1.	Eco High	Eco High was the Group's customer during the Period Under Review. Eco High was an associate company of BWYS Steel with BWYS Steel holding 44.0% of its shares and KBH was an indirect shareholder of Eco High and is also our Managing Director.	Sales of scaffoldings and steel related products to Eco High	Manufacturing and renting of construction material and products, to involve in all kinds of construction works
2.	Solid Recycle Sdn Bhd	As at LPD, KBH is our Managing Director. During the Period Under Review, KBH was a director and 40% shareholder in Solid Recycle Sdn Bhd.	-	Dealing with building materials, scaffolding hardwares and machineries

BWYS Steel had disposed its 44.0% shareholdings in Eco High to a third party on 8 December 2022. On 26 June 2023, KBH resigned as the director of Solid Recycle Sdn Bhd and KBH had disposed its 40.0% shareholdings in Solid Recycle Sdn Bhd to a third party on 21 July 2023.

Details of the interests, shareholdings and directorships in other businesses of our Directors are disclosed in Section 5.2.2 of this Prospectus.

It is our Directors' fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Board of the conflict of interest situation;
- (b) make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board's deliberation and voting in the matter that has given rise to the conflict of interest.

10. CONFLICT OF INTEREST (cont'd)

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board's discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however, at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group and our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 9.1 of this Prospectus for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

10.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.
- (b) Jeff Leong, Poon and Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.
- (c) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our Listing.
- (d) Vital Factor has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 4 January 2023 to facilitate the Listing, and the Acquisitions were completed on [•]. BW Scaffold, BWYSSB, BWYS Steel, BWYS Timur and YS Success have been under the common control of our Promoter throughout the Period Under Review and are regarded as continuing entities. As such, the historical financial information of our Group for the Period Under Review is therefore presented based on the historical combined audited financial statements of our Group.

The historical financial information throughout the Period Under Review has been prepared in accordance with MFRS and IFRS and were not subject to any audit qualification.

The following selected financial information is not intended to predict our Group's financial position, results, and cash flows. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 11.2 and 12 of this Prospectus respectively.

11.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and comprehensive income for the Period Under Review:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	130,864	222,435	236,231
Cost of sales	(105,607)	(170,267)	(179,781)
GP	25,257	52,168	56,450
Other operating income	2,763	9,060	13,181
Impairment losses on trade and other receivables, net	(589)	(2,865)	(1,111)
Administrative and distribution expenses	(17,864)	(24,330)	(29,589)
Operating profit	9,567	34,033	38,931
Finance costs	(4,266)	(4,431)	(5,478)
PBT	5,301	29,602	33,453
Tax expense	(1,990)	(4,763)	(9,942)
PAT/Total comprehensive income for the financial years	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
PAT/Total comprehensive income attributable to:			
- common controlling shareholders of our Group	3,421	24,839	23,511
- Non-controlling interests	(110)	-	-
	3,311	24,839	23,511

11. FINANCIAL INFORMATION (cont'd)

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
EBIT (RM'000) ⁽¹⁾	8,886	33,738	38,488
EBITDA (RM'000) ⁽¹⁾	14,388	40,375	47,061
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
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
Effective tax rate (%) ⁽⁵⁾	37.5	16.1	29.7
Basic and diluted EPS (sen) ⁽⁶⁾	0.3	2.4	2.3

Notes:

- (1) EBIT and EBITDA are calculated as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
PAT	3,311	24,839	23,511
Less:			
Interest income	(681)	(295)	(443)
Add:			
Finance costs	4,266	4,431	5,478
Taxation	1,990	4,763	9,942
EBIT	8,886	33,738	38,488
Add:			
Depreciation	5,502	6,637	8,573
EBITDA	14,388	40,375	47,061

- (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 ("**Additional Import Duty**"). 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 ("**Overaccrued Import Duty**") was reversed in FYE 2022. Please refer to Section 6.5.14(xi) of this Prospectus for further details. If the impact of the Additional Import Duty and Overaccrued Import Duty which are one-off in nature are adjusted, the adjusted GP, PBT, PAT and its related margins are as follows:

11. FINANCIAL INFORMATION (cont'd)

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	130,864	222,435	236,231
Cost of sales	(105,607)	(170,267)	(179,781)
Additional Import Duty	-	4,898	-
Overaccrued Import Duty	-	-	(4,800)
Adjusted cost of sales	(105,607)	(165,369)	(184,581)
Adjusted GP	25,257	57,066	51,650
PBT	5,301	29,602	33,453
Additional Import Duty	-	4,898	-
Overaccrued Import Duty	-	-	(4,800)
Adjusted PBT	5,301	34,500	28,653
Tax expense	(1,990)	(4,763)	(9,942)
Adjusted PAT	3,311	29,737	18,711
Adjusted GP margin (%)	19.3	25.7	21.9
Adjusted PBT margin (%)	4.1	15.5	12.1
Adjusted PAT margin (%)	2.5	13.4	7.9

For clarity, the final import duty charged by RMCD of RM0.1 million pertains to transactions which occurred in FYE 2018 and FYE 2019. Hence, there was no impact on the import duty charged to the financial results of FYE 2020.

- (5) Effective tax rate is calculated based on tax expenses divided by PBT.
- (6) Basic and diluted EPS is 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.

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11. FINANCIAL INFORMATION (cont'd)**11.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at the Period Under Review:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	79,797	123,595	130,293
Right-of-use assets	14,928	16,486	18,830
Other investments	10,154	10,263	-
Total non-current assets	104,879	150,344	149,123
Current assets			
Inventories	43,791	95,005	86,227
Trade and other receivables	43,463	56,212	45,495
Current tax assets	635	1,044	3,085
Cash and bank balances	5,649	23,848	14,827
Total current assets	93,538	176,109	149,634
TOTAL ASSETS	198,417	326,453	298,757
EQUITY AND LIABILITIES			
Equity attributable to the common controlling shareholders of our Group			
Invested equity	7,988	7,988	7,988
Reserves	75,106	98,318	110,694
	83,094	106,306	118,682
Non-controlling interests	349	-	-
TOTAL EQUITY	83,443	106,306	118,682
Non-current liabilities			
Other payables	4,069	4,069	-
Borrowings	42,893	69,136	63,228
Lease liabilities	3,079	3,665	4,707
Deferred tax liabilities	1,196	2,463	5,384
Total non-current liabilities	51,237	79,333	73,319
Current liabilities			
Trade and other payables	28,026	58,767	34,593
Borrowings	34,563	78,904	65,886
Lease liabilities	1,127	1,521	2,401
Provision	-	1,474	1,474
Current tax liabilities	21	148	2,402
Total current liabilities	63,737	140,814	106,756
TOTAL LIABILITIES	114,974	220,147	180,075
TOTAL EQUITY AND LIABILITIES	198,417	326,453	298,757

11. FINANCIAL INFORMATION (cont'd)

11.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Period Under Review:

	FYE 2020	Audited FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Cash flow from operating activities			
PBT	5,301	29,602	33,453
Adjustments for:			
Bad debts written off	27	1,793	145
Bad debts recovered	(18)	(13)	(177)
Depreciation of property, plant, and equipment	4,431	5,446	6,621
Depreciation of right-of-use assets	1,071	1,191	1,952
Dividend income from other investments	-	(6,890)	-
Impairment loss on other investments	69	-	-
Impairment loss on trade and other receivables	629	2,875	1,728
Interest expenses	4,266	4,431	5,478
Interest income	(681)	(295)	(443)
Gain on lease termination	~	(2)	(22)
Gain on disposal of other investment	-	-	(1,287)
Gain on disposal of property, plant, and equipment	(360)	(19)	(4,290)
Reversal of impairment losses on trade and other receivables	(40)	(10)	(617)
Unrealised loss on foreign exchange	26	192	464
Provision for legal claims	-	1,474	-
Waiver of debts	-	-	(3,189)
Written off of property, plant, and equipment	1,429	636	1,464
Operating profit before changes in working capital	16,150	40,411	41,280
Decrease/(Increase) in inventories	393	(51,213)	(4,744)
Decrease/(Increase) in trade and other receivables	101	(17,398)	9,630
(Decrease)/Increase in trade and other payables	(6,546)	36,143	(23,699)
Cash generated from operations	10,098	7,943	22,467
Tax paid	(2,000)	(3,778)	(6,810)
Tax refunded	-	-	1
Net cash generated from operating activities	8,098	4,165	15,658
Cash flow from investing activities			
Addition in other investments	-	(109)	-
Acquisition of shares from non-controlling interest	-	(376)	-
Dividends received from other investments	-	6,890	-
Interest received	681	295	443
Purchase of property, plant, and equipment	(6,408)	(20,490)	(3,892)
Purchase of right-of-use assets	(246)	(509)	(380)
Proceeds from disposal of other investments	-	-	11,550
Proceeds from disposal of property, plant and equipment	1,823	379	7,022
Proceeds from disposal of right-of-use assets	207	-	-
Net cash (used in)/from investing activities	(3,943)	(13,920)	14,743

11. FINANCIAL INFORMATION (cont'd)

	FYE 2020	Audited FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Cash flow from financing activities			
Dividend paid to common controlling shareholders	-	(1,600)	(11,135)
Dividend paid to non-controlling interests	(220)	-	-
Drawdown of bankers' acceptances	85,354	162,613	181,789
Drawdown of revolving credit	-	1,000	-
Drawdown of term loans	8,000	-	-
Interest paid	(4,082)	(4,113)	(5,101)
Repayment of bankers' acceptances	(92,899)	(118,812)	(196,463)
Repayment of revolving credit	(1,000)	-	-
Repayment of term loans	(4,226)	(2,216)	(6,050)
Repayment of lease liabilities	(967)	(1,576)	(2,450)
Repayment to related parties	(331)	(5,591)	(1,810)
Net changes in deposits with licensed banks	3,569	(3,742)	(3,126)
Net cash (used in)/from financing activities	(6,802)	25,963	(44,346)
Net (decrease)/increase in cash and cash equivalents	(2,647)	16,208	(13,945)
Effects of exchange rate changes on cash and cash equivalents	(10)	~	~
Cash and cash equivalents at the beginning of financial year	2,801	144	16,352
Cash and cash equivalents at the end of financial year	144	16,352	2,407

Note:

~ Represents amounts less than RM1,000.

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11. FINANCIAL INFORMATION (cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for the Period Under Review should be read with the Accountants' Report included in Section 12 of this Prospectus.

11.2.1 Overview of our operations

(a) Principal activities

We are principally an investment holding company. Through our subsidiaries, we are principally involved in the manufacture 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.

Our core business activities are as follows:

- (i) manufacture of sheet metal products, including roofing sheets and trusses, industrial racking systems and welded pipes;
- (ii) supply of scaffoldings, including sales and rental of scaffoldings; and
- (iii) trading of steel materials and steel related products.

Please refer to Section 6.5 of this Prospectus for our Group's detailed business overview.

(b) Revenue

Our revenue comprises the manufacturing of sheet metal products, supply of scaffoldings as well as trading of sheet materials and steel related products, and is derived from local markets and foreign countries.

Revenue is measured at the fair value of consideration received or receivable. Our Group recognises revenue as follows:

Manufacture of sheet metal products, supply of scaffoldings and trading of steel materials and steel related products

Revenue from sale of goods is recognised when our Group satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

Rental of scaffoldings

Rental income from equipment for rent are recognised on a straight-line basis over the term of lease.

11. FINANCIAL INFORMATION (cont'd)

(c) Cost of sales

Our cost of sales comprises materials costs, cost of trading goods, labour costs and manufacturing overheads and others:

(i) Materials costs

Our Group's materials costs mainly comprise steel coils (coated metal coils and hot rolled steel coils), other steel products (steel pipes, bars and plates), coating and painting materials.

(ii) Cost of trading goods

Our Group's cost of trading goods mainly comprise steel coils, cabins, and metal frames for doors and windows.

(iii) Labour costs

Our labour costs mainly comprise staff salaries, statutory contributions and staff welfare.

(iv) Manufacturing overheads and others

Our manufacturing overheads mainly comprise depreciation of property, plant and equipment and right-of-use assets, short-term lease of motor vehicles and other direct expenses for our manufacturing activities. Others comprise subcontractor wages.

(d) Other operating income

Other operating income mainly comprise dividend income from other investments, gain on disposal of property, plant and equipment, gain on disposal of other investments, interest income, wage subsidies, realised gain on foreign exchange and waiver of debts.

(e) Impairment losses on trade and other receivables

Impairment losses on trade and other receivables mainly comprise expected credit loss (ECL) allowance from trade receivables.

(f) Administrative and distribution expenses

Administrative and distribution expenses mainly comprise distribution expenses, staff-related costs, depreciation of property, plant and equipment and right-of-use assets, written off of property, plant and equipment, professional fees and bad debts.

(g) Finance costs

Finance costs mainly comprise interest expenses on our bank borrowings and lease liabilities.

11. FINANCIAL INFORMATION (cont'd)**(h) Significant factors affecting our financial condition and result of operations**

Section 8 of this Prospectus details a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and the result of operations. The main factors which affect our revenue and profits include but are not limited to the following:

(i) 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. 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 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.

(ii) 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. The purchases of steel coils including coated cold-rolled steel coils and hot rolled steel coils, accounted for 88.2%, 87.7% and 84.5% of our total purchases of input materials and services for FYE 2020, FYE 2021 and FYE 2022 respectively. 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. There is no assurance that our operations would not be affected by any prolonged disruptions in the supply chain. Fluctuating sea freight rates can also significantly affect input material prices and may further impact our business and financial performance.

11. FINANCIAL INFORMATION (cont'd)

(iii) 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 FYE 2020, FYE 2021 and FYE 2022 respectively.

Please refer to Section 11.2.4(a) of this Prospectus for further information on the impact of foreign exchange rates.

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.

(iv) We are exposed to credit risk from our customers

During the Period Under Review, the normal credit term granted ranges from 30 days to 90 days. Our trade receivables turnover period was 104 days, 55 days and 55 days for FYE 2020, FYE 2021 and FYE 2022 respectively. In the event of any downturn in our customer's business performance, this may adversely affect our customer's ability to pay us for the goods we have supplied, which in turn may adversely affect our cash flow and profitability. If customers fail to pay us within the stipulated credit period or fail to pay us at all, we could be required to make an allowance for any impairment losses to our trade receivables or write off our bad debts, either of which would adversely affect our business performance.

The impairment loss on trade receivables was 1.4% (RM0.6 million), 5.1% (RM2.9 million) and 2.4% (RM1.1 million) of our total trade receivables for the FYE 2020, FYE 2021 and FYE 2022 respectively. In addition, there were bad debts written off which accounted for 0.5% (RM27,000), 6.1% (RM1.8 million) and 0.4% (RM0.1 million) of our total PBT for the FYE 2020, FYE 2021 and FYE 2022 respectively. There can be no assurance that the additional allowance for impairment losses to our trade receivables and bad debts written off will not increase in the future.

11. FINANCIAL INFORMATION (cont'd)

11.2.2 Review of our results of operations

(i) Revenue

Analysis of revenue by business segments and products

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<u>Manufacture of sheet metal products</u>						
Roofing sheets and trusses	61,886	47.3	121,879	54.8	115,303	48.8
Industrial racking systems	18,042	13.8	40,605	18.3	48,862	20.7
Welded pipes	22,029	16.8	21,938	9.8	27,832	11.8
	101,957	77.9	184,422	82.9	191,997	81.3
<u>Supply of scaffoldings</u>						
Sales of scaffoldings	18,988	14.5	14,927	6.7	29,117	12.3
Rental of scaffoldings	7,134	5.5	10,888	4.9	11,273	4.8
	26,122	20.0	25,815	11.6	40,390	17.1
<u>Trading of steel materials and steel related products</u>						
	2,785	2.1	12,198	5.5	3,844	1.6
Total revenue	130,864	100.0	222,435	100.0	236,231	100.0
	FYE 2020		FYE 2021		FYE 2022	
	Metres	Tonnes	Metres	Tonnes	Metres	Tonnes
Roofing sheets and trusses	8,619,186	N/A	13,924,586	N/A	18,910,471	N/A
Welded pipes	N/A	8,350	N/A	6,082	N/A	7,805
Trading of steel materials	N/A	474	N/A	3,117	N/A	556

Note:

- (1) The volume for roofing sheet and trusses are measured by length (metres) whilst the volume of welded pipes and steel materials are measured by weight (tonnes).

11. FINANCIAL INFORMATION (cont'd)**Analysis of revenue by geographical location**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	128,790	98.4	203,657	91.6	226,324	95.8
Overseas						
- US	-	-	17,975	8.1	9,907	4.2
- Singapore	1,945	1.5	71	~	-	-
- Others ⁽¹⁾	129	0.1	732	0.3	-	-
	2,074	1.6	18,778	8.4	9,907	4.2
Total revenue	130,864	100.0	222,435	100.0	236,231	100.0

Notes:

~ Represents amount less than 0.1%.

(1) Comprises Indonesia, Australia, Bangladesh, the Philippines, UAE, and Brunei.

Comparison between FYE 2020 and FYE 2021

Our revenue increased by RM91.5 million or 69.9%, to RM222.4 million for FYE 2021 (FYE 2020: RM130.9 million), mainly contributed by the higher revenue recorded for our manufacture of sheet metal products segment and trading of steel materials and steel related products segments during FYE 2021. The increase in global steel prices during FYE 2021 has also contributed to the increase in revenue during FYE 2021.

The Malaysian market was our primary revenue contributor for FYE 2021, contributing RM203.7 million, or 91.6% of our total revenue (FYE 2020: RM128.8 million or 98.4%).

Manufacture of sheet metal products

The manufacture of sheet metal products segment was our primary revenue contributor, which recorded an increase in revenue of RM82.4 million or 80.8%, to RM184.4 million for FYE 2021 (FYE 2020: RM102.0 million), mainly due to the following:

- (a) increase in revenue from roofing sheets and trusses of RM60.0 million or 96.9%, to RM121.9 million for FYE 2021 (FYE 2020: RM61.9 million), primarily due to the resumption of building construction activities resulting from the progressive relaxation of MCO, as well as the rise in global steel prices in FYE 2021. Thus, the higher selling prices, coupled with the higher volume sold, which increased from 8,619,186 metres for FYE 2021 to 13,924,586 metres for FYE 2022, have collectively contributed to the higher revenue in FYE 2021. In addition, our Group was able to secure orders from new customers, contributing to the increase in revenue in FYE 2021.
- (b) increase in revenue from industrial racking systems of RM22.6 million or 125.6%, to RM40.6 million for FYE 2021 (FYE 2020: RM18.0 million), mainly due to our Group securing orders from a new customer in the USA amounting to RM18.0 million.

11. FINANCIAL INFORMATION (cont'd)***Supply of scaffoldings***

Revenue from our supply of scaffoldings segment decreased by RM0.3 million or 1.1%, to RM25.8 million for FYE 2021 (FYE 2020: RM26.1 million), primarily driven by the decrease in sales of scaffoldings of RM4.0 million or 21.2%, to RM14.9 million in FYE 2021 (FYE 2020: RM18.9 million) due to lower demands from our customers. The said decrease was partially offset by the increase in rental of scaffoldings of RM3.8 million or 53.5%, to RM10.9 million in FYE 2021 (FYE 2020: RM7.1 million), mainly due to higher demands for our CIDB-certified scaffoldings following the enforcement of the CIDBA whereby CIDB-certified scaffoldings are required to be used for new construction sites from September 2021 onwards.

Trading of steel materials and steel related products

Revenue from our trading of steel materials and steel related products segment increased by RM9.4 million or 335.7%, to RM12.2 million for FYE 2021 (FYE 2020: RM2.8 million). This was primarily due to the higher demand for steel coils from our customers following the shortage of steel coils in Malaysia resulting from the global supply chain disruption attributed to the COVID-19. The increase in revenue was also contributed by the increase in steel prices during the year and hence our Group was able to price our products at a higher price. Besides, the increase in volume sold for steel coils from 474 tonnes to 3,117 tonnes also contributed to the increase in revenue for this segment. In addition, the higher revenue for this segment in FYE 2021 was also contributed by the one-off revenue of RM3.9 million from the sales of steel coils that do not meet our manufacturing specifications (colour of these steel coils do not meet our anticipated quality standards).

Comparison between FYE 2021 and FYE 2022

Our revenue further improved by RM13.8 million or 6.2%, to RM236.2 million for FYE 2022 (FYE 2021: RM222.4 million), mainly contributed by the increased revenue from our manufacture of sheet metal products and supply of scaffoldings segments. Such an increase was partially offset by the decrease in revenue from trading of steel materials and steel related products segment. The decrease in global steel prices during FYE 2022 has affected our selling prices which was offset by the higher volume sold during FYE 2022.

The Malaysian market continued to be our primary revenue contributor for FYE 2022, contributing RM226.3 million or 95.8% of our total revenue (FYE 2021: RM203.7 million or 91.6%).

Manufacture of sheet metal products

Revenue from our manufacture of sheet metal products segment continued to grow by RM7.6 million or 4.1%, to RM192.0 million for FYE 2022 (FYE 2021: RM184.4 million), mainly driven by the following:

- (a) increase in revenue from industrial racking systems of RM8.3 million or 20.4%, to RM48.9 million for FYE 2022 (FYE 2021: RM40.6 million), contributed mainly by a bulk order secured from an existing local customer, which resulted in an increase of RM10.1 million to our revenue from industrial racking systems for FYE 2022. The increase was partially offset by the lower sales from other existing customers; and
- (b) increase in revenue from welded pipes of RM5.9 million or 26.9%, to RM27.8 million for FYE 2022 (FYE 2021: RM21.9 million), primarily due to the higher volume sold which increased from 6,082 tonnes for FYE 2021 to 7,805 tonnes for FYE 2022, coupled with orders secured from new customers from welded pipes amounting to RM8.6 million which was partially offset by the decrease in sales of RM3.0 million from Hung Tat Trading due to ongoing litigation as explained in Section 11.3.5 of this Prospectus.

The abovementioned increases were partially offset by the decrease from roofing sheets and trusses of RM6.6 million or 5.4%, to RM115.3 million in FYE 2022 (FYE 2021: RM121.9 million), mainly due to the decline in steel prices for FYE 2022.

11. FINANCIAL INFORMATION (cont'd)

Supply of scaffoldings

Revenue from our supply of scaffoldings segment increased by RM14.6 million or 56.6%, to RM40.4 million for FYE 2022 (FYE 2021: RM25.8 million). Such an increase was mainly due to the increase in sales of scaffoldings of RM14.2 million or 95.3%, to RM29.1 million in FYE 2022 (FYE 2021: RM14.9 million) as a result of the higher demands from our customers for our CIDB-certified scaffoldings following the enforcement of the CIDBA whereby CIDB-certified scaffoldings are required to be used for new construction sites from September 2021 onwards.

Trading of steel materials and steel related products

Revenue from our trading of steel material and steel related products segment decreased by RM8.4 million or 68.9%, to RM3.8 million for FYE 2022 (FYE 2021: RM12.2 million). This was mainly due to lower revenue from sales of steel coils, as the easing of steel coils shortage in Malaysia during FYE 2022 has led to lower demand from customers for the steel coils which the volume sold decreased from 3,117 tonnes to 556 tonnes. There was also a one-off revenue of RM3.9 million from the sales of steel coils that did not meet our manufacturing specifications in FYE 2021.

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11. FINANCIAL INFORMATION *(cont'd)*

(ii) Cost of sales, GP and GP margin

Analysis of cost of sales by cost components

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Materials costs	83,670	79.2	⁽¹⁾ 131,657	77.4	⁽¹⁾ 151,402	84.2
Cost of trading goods	1,512	1.4	14,364	8.4	329	0.2
Labour costs	6,901	6.6	7,495	4.4	9,719	5.4
Manufacturing overheads and others	13,524	12.8	16,751	9.8	18,331	10.2
Total cost of sales	105,607	100.0	170,267	100.0	179,781	100.0

Note:

- (1) 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 Overaccrued Import Duty was reversed in FYE 2022. Please refer to Section 6.5.14(xi) of this Prospectus for further details.

(i) Materials costs

Materials costs were the largest component of our cost of sales, representing 79.2%, 77.4% and 84.2% of our total cost of sales for the Period Under Review.

(ii) Cost of trading goods

Cost of trading goods mainly comprise steel coils, cabins, and metal frames for doors and windows. Our cost of trading goods represented 1.4%, 8.4% and 0.2% of our total cost of sales for the Period Under Review.

(iii) Labour costs

Labour costs mainly comprise staff salaries, statutory contributions and staff welfare. Our labour costs represented 6.6%, 4.4% and 5.4% of our total cost of sales for the Period Under Review.

11. FINANCIAL INFORMATION (cont'd)**(iv) Manufacturing overheads and others**

Manufacturing overheads mainly comprises depreciation of property, plant and equipment and right-of-use assets, short-term lease of motor vehicles and other direct expenses for our manufacturing activities. Others comprise subcontractor wages, which amounted to RM2.5 million, RM4.0 million and RM4.4 million for FYE 2020, FYE 2021 and FYE 2022 respectively. Our manufacturing overheads and others represented 12.8%, 9.8%, and 10.2% of our total costs of sales for the Period Under Review.

Analysis of cost of sales by business segments and products

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<u>Manufacture of sheet metal products</u>						
Roofing sheets and trusses	46,630	44.2	85,876	50.4	89,083	49.5
Industrial racking systems	14,734	13.9	⁽¹⁾ 33,622	19.7	⁽¹⁾ 39,567	22.0
Welded pipes	19,401	18.4	⁽¹⁾ 18,679	11.0	⁽¹⁾ 26,208	14.6
	80,765	76.5	138,177	81.1	154,858	86.1
<u>Supply of scaffoldings</u>						
Sales of scaffoldings	19,756	18.7	13,620	8.0	19,381	10.8
Rental of scaffoldings	3,277	3.1	3,872	2.3	4,506	2.5
	23,033	21.8	17,492	10.3	23,887	13.3
<u>Trading of steel materials and steel related products</u>						
	1,809	1.7	14,598	8.6	1,036	0.6
Total cost of sales	105,607	100.0	170,267	100.0	179,781	100.0

Note:

- (1) FYE 2021 has included the Additional Import Duty and FYE 2022 has included the reversal of Overaccrued Import Duty, as disclosed in the footnote under the table for cost of sales by cost components. The said Additional Import Duty was included in the costs of sales for our industrial racking systems and welded pipes, amounting to RM3.0 million and RM1.9 million, respectively. Please refer to Section 6.5.14(xi) of this Prospectus for further details. If the impact of the Additional Import Duty and Overaccrued Import Duty which are one-off in nature are adjusted, the adjusted cost of sales are as follows:

11. FINANCIAL INFORMATION (cont'd)

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<u>Manufacture of sheet metal products</u>						
Roofing sheets and trusses	46,630	44.2	85,876	51.9	89,083	48.3
Industrial racking systems	14,734	13.9	30,646	18.6	42,445	23.0
Welded pipes	19,401	18.4	16,757	10.1	28,130	15.2
	80,765	76.5	133,279	80.6	159,658	86.5
<u>Supply of scaffoldings</u>						
Sales of scaffoldings	19,756	18.7	13,620	8.3	19,381	10.5
Rental of scaffoldings	3,277	3.1	3,872	2.3	4,506	2.4
	23,033	21.8	17,492	10.6	23,887	12.9
Trading of steel materials and steel related products	1,809	1.7	14,598	8.8	1,036	0.6
Total cost of sales	105,607	100.0	165,369	100.0	184,581	100.0

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11. FINANCIAL INFORMATION (cont'd)

Analysis of GP and GP margin by business segments and products

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
<u>Manufacture of sheet metal products</u>						
Roofing sheets and trusses	15,256	24.7	36,003	29.5	26,220	22.7
Industrial racking systems	3,308	18.3	⁽¹⁾ 6,983	⁽¹⁾ 17.2	⁽¹⁾ 9,295	⁽¹⁾ 19.0
Welded pipes	2,628	11.9	⁽¹⁾ 3,259	⁽¹⁾ 14.9	⁽¹⁾ 1,624	⁽¹⁾ 5.8
	21,192	20.8	⁽²⁾ 46,245	⁽²⁾ 25.1	⁽²⁾ 37,139	⁽²⁾ 19.3
<u>Supply of scaffoldings</u>						
Sales of scaffoldings	(768)	(4.0)	1,307	8.8	9,736	33.4
Rental of scaffoldings	3,857	54.1	7,016	64.4	6,767	60.0
	3,089	11.8	8,323	32.2	16,503	40.9
<u>Trading of steel materials and steel related products</u>						
	976	35.0	⁽³⁾ (2,400)	⁽³⁾ (19.7)	2,808	73.0
Total	25,257	19.3	⁽²⁾ 52,168	⁽²⁾ 23.5	56,450	⁽²⁾ 23.9

Notes:

- (1) FYE 2021 has included the Additional Import Duty and FYE 2022 has included the reversal of Overaccrued Import Duty, as disclosed in the footnote under the table for cost of sales by cost components. The said Additional Import Duty was included in the cost of sales for our industrial racking systems and welded pipes, amounting to RM3.0 million and RM1.9 million, respectively. Please refer to Section 6.5.14(xi) of this Prospectus for further details. If the said amounts were excluded, the GP margin for industrial racking systems and welded pipes for FYE 2021 would have been 24.6% and 23.9% respectively. For FYE 2022, the GP margin for industrial racking systems for FYE 2022 would have been 12.9% and welded pipes would have recorded a gross loss margin of 1.3%.
- (2) If the Additional Import Duty was excluded in FYE 2021, the manufacture of sheet metal products would have recorded a GP of RM51.1 million and GP margin of 27.7%. The total GP would have been RM57.1 million and the overall GP margin would have been 25.7%. If the reversal of Overaccrued Import Duty was excluded in FYE 2022, the manufacture of sheet metal products would have recorded a GP of RM32.3 million and GP margin of 16.8%. The total GP would have been RM51.7 million and the overall GP margin would have been 21.9%.

11. FINANCIAL INFORMATION (cont'd)

If the impact of the Additional Import Duty and Overaccrued Import Duty which are one-off in nature are adjusted, the adjusted GP and GP margin are as follows:

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
<u>Manufacture of sheet metal products</u>						
Roofing sheets and trusses	15,256	24.7	36,003	29.5	26,220	22.7
Industrial racking systems	3,308	18.3	9,959	24.5	6,417	13.1
Welded pipes	2,628	11.9	5,181	23.6	(298)	(1.1)
	21,192	20.8	51,143	27.7	32,339	16.8
<u>Supply of scaffoldings</u>						
Sales of scaffoldings	(768)	(4.0)	1,307	8.8	9,736	33.4
Rental of scaffoldings	3,857	54.1	7,016	64.4	6,767	60.0
	3,089	11.8	8,323	32.2	16,503	40.9
<u>Trading of steel materials and steel related products</u>						
	976	35.0	(2,400)	(19.7)	2,808	73.0
Total	25,257	19.3	57,066	25.7	51,650	21.9

- (3) In FYE 2021, trading of steel material and steel related products recorded a one-off sale of steel coils which do not meet our manufacturing specifications. If the one-off sale was excluded, the trading of steel materials and steel related products would have recorded a GP of RM4.8 million and a GP Margin of 58.4%.

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11. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2020 and FYE 2021****Analysis by cost components**

Our cost of sales increased by RM64.7 million or 61.3%, to RM170.3 million for FYE 2021 (FYE 2020: RM105.6 million), mainly attributable to the following:

- (a) the increase in materials costs of RM48.0 million or 57.4%, to RM131.7 million for FYE 2021 (FYE 2020: RM83.7 million) was mainly attributable to the following:
 - (aa) the higher demands for our roofing sheets and trusses and industrial racking systems as well as the increase in our main raw material prices, i.e. steel coils, which increased in tandem with the rise in steel prices; and
 - (bb) the one-off accrual of Additional Import Duty in FYE 2021, which was pending further clarification and explanation with RMCD.
- (b) increase in the cost of trading goods of RM12.9 million or 850.0% to RM14.4 million for FYE 2021 (FYE 2020: RM1.5 million), which increased in tandem with the increase in revenue for the trading of steel materials and steel related products segment; and
- (c) the increase in manufacturing overheads and others of RM3.3 million or 23.9% to RM16.8 million for FYE 2021 (FYE 2020: RM13.5 million), mainly due to increase in subcontractor wages resulting from the increase in number of subcontractors for the industrial racking systems segment.

If the abovementioned one-off Additional Import Duty is excluded from the cost of sales and Materials costs, the increase in the cost of sales and materials costs would be RM59.8 million or 56.6% and RM40.7 million or 47.3%, respectively, which was in tandem with our revenue growth.

Analysis by business segment

Our cost of sales increased by RM64.7 million or 61.3%, to RM170.3 million for FYE 2021 (FYE 2020: RM105.6 million), mainly contributed by the increase in cost of sales for our manufacture of sheet metal products segment and the trading of steel materials and steel related products segments.

Our GP increased by RM26.9 million or 106.3%, to RM52.2 million for FYE 2021 (FYE 2020: RM25.3 million). The manufacture of sheet metal products segment was the main contributor to our GP, which recorded an increase of RM25.0 million or 117.9%, to RM46.2 million for FYE 2021 (FYE 2020: RM21.2 million). The increase in GP was in tandem with the increase in revenue for FYE 2021.

Our overall GP margin increased to 23.5% in FYE 2021 (FYE 2020: 19.3%). This was primarily contributed by the improved GP margin of our manufacture of sheet metal products and supply of scaffoldings segments.

Manufacture of sheet metal products

Our cost of sales for the manufacture of sheet metal products increased by RM57.4 million or 71.0% to RM138.2 million for FYE 2021 (FYE 2020: RM80.8 million), which grew at a rate lower than our revenue growth rate of 80.8%, as we had purchased our raw materials before the significant increase in raw material prices during FYE 2021, coupled with the increase in the steel prices. Thus, our GP for this segment improved by RM25.0 million or 117.9%, to RM46.2 million for FYE 2021 (FYE 2020: RM21.2 million) and the GP margin improved to 25.1% for FYE 2021 (FYE 2020: 20.8%).

11. FINANCIAL INFORMATION (cont'd)

Our cost of sales for the roofing sheets and trusses increased by RM39.3 million or 84.3% to RM85.9 million for FYE 2021 (FYE 2020: RM46.6 million), which grew at a rate lower than our revenue growth rate of 96.9%, mainly due to the reasons stated above. Hence, our GP increased by RM20.7 million or 135.3% to RM36.0 million for FYE 2021 (FYE 2020: RM15.3 million), and we recorded an improved GP margin for the roofing sheets and trusses of 29.5% for FYE 2021 (FYE 2020: 24.7%).

Our cost of sales for the industrial racking systems increased by RM18.9 million or 128.6% to RM33.6 million for FYE 2021 (FYE 2020: RM14.7 million), which grew at a rate higher than our revenue growth rate of 125.6%, mainly due to the accrual of Additional Import Duty in FYE 2021. Hence, despite our GP increased by RM3.7 million or 112.1% to RM7.0 million for FYE 2021 (FYE 2020: RM3.3 million), we recorded a lower GP margin for the industrial racking systems of 17.2% for FYE 2021 (FYE 2020: 18.3%). If the accrual of RM3.0 million for the Additional Import Duty is excluded from our cost of sales for industrial racking systems, we will register an improved GP margin from the industrial racking systems of 24.5%. The improved margin in FYE 2021 was mainly contributed by the sales to a new customer in the USA.

Our cost of sales for welded pipes decreased by RM0.7 million or 3.6%, to RM18.7 million for FYE 2021 (FYE 2020: RM19.4 million), which was in tandem with the decline in revenue. Our GP for welded pipes increased by RM0.7 million or 26.9% to RM3.3 million for FYE 2021 (FYE 2020: RM2.6 million), and we recorded an improved GP margin for welded pipes of 14.9% for FYE 2021 (FYE 2020: 11.9%). If the accrual of RM1.9 million of the Additional Import Duty is excluded from our cost of sales for welded pipes, we will register an improved GP margin from welded pipes of 23.6%. The improved margin in FYE 2021 was mainly due to higher selling prices in FYE 2021, coupled with lower materials costs resulting from raw materials that were purchased prior to the increase in steel prices in FYE 2021.

Supply of scaffoldings

Our cost of sales for this segment decreased by RM5.5 million or 23.9% to RM17.5 million for FYE 2021 (FYE 2020: RM23.0 million), mainly due to a lower cost of sales recorded for the sales of scaffoldings for FYE 2021, which declined in tandem with the decrease in revenue.

The overall GP for the supply of scaffoldings recorded an increase of RM5.2 million or 167.7%, to RM8.3 million for FYE 2021 (FYE 2020: RM3.1 million). The GP margin for the supply of scaffoldings segment increased from 11.8% in FYE 2020 to 32.2% in FYE 2021, mainly attributable to the following:

- (i) the sales of scaffoldings have turnaround from a gross loss of RM0.8 million in FYE 2020 to a GP margin of 6.6% in FYE 2021 which is primarily attributable to the higher selling prices in FYE 2021. The gross loss of RM0.8 million in FYE 2020 was primarily due to higher subcontractor wages incurred for this segment for fabrication works resulting from the shortage of workers during MCO period; and
- (ii) the rental of scaffoldings has recorded an improved GP margin from 54.1% in FYE 2020 to 64.4% in FYE 2021 mainly due to higher revenue from rental of scaffoldings as more scaffoldings were rented out whilst the manufacturing overheads and others for this segment, i.e. depreciation expenses for equipment for rent, upkeep of factory equipment and machinery (welding and cutting machine) are relatively fixed-in-nature.

11. FINANCIAL INFORMATION (cont'd)***Trading of steel materials and steel related products***

Our cost of sales for this segment increased by RM12.8 million or 711.1%, to RM14.6 million for FYE 2021 (FYE 2020: RM1.8 million), which increased higher than our revenue growth rate for this segment of 335.7%. This was mainly due to the lower selling prices for the sales of steel coils that do not meet our manufacturing specifications (colour of these steel coils do not meet our anticipated quality standards) in FYE 2021 which amounted to RM3.9 million which was sold at a discounted price lower than the purchase price, resulting in this segment to record a gross loss position of RM2.4 million. If the sales of steel coils that do not meet our manufacturing specifications are excluded, we would record a GP of RM4.8 million and a GP margin of 58.4% from the trading of steel materials and steel related products. The improved GP margin in FYE 2021 was mainly attributable to the increase in selling prices for steel coils resulting from the shortage of supplies in Malaysia due to the global supply chain disruption caused by the COVID-19.

Comparison between FYE 2021 and FYE 2022**Analysis by cost components**

Our cost of sales increased by RM9.5 million or 5.6%, to RM179.8 million for FYE 2022 (FYE 2021: RM170.3 million), mainly attributable to the following:

- (i) materials costs increased by RM19.7 million or 15.0% to RM151.4 million for FYE 2022 (FYE 2021: RM131.7 million), mainly due to higher demands for our industrial racking systems, welded pipes and scaffoldings, in which the said increases were narrowed by the decrease in our core raw material prices, i.e. steel coils, which decline in tandem with the average monthly steel prices from USD856/tonne for 2021 to USD698/tonne for 2022;
- (ii) labour costs increased by RM2.3 million or 31.1% to RM9.7 million for FYE 2022 (FYE 2021: RM7.4 million), mainly due to increased production activities; and
- (iii) manufacturing overheads and others increased by RM1.5 million or 8.9% to RM18.3 million for FYE 2022 (FYE 2021: RM16.8 million), mainly due to increased production activities.

The abovementioned increases were narrowed by the decrease in the cost of trading goods of RM14.1 million or 97.9% to RM0.3 million for FYE 2022 (FYE 2021: RM14.4 million), which decreased in tandem with the decrease in revenue for the trading of steel materials and steel related products segment.

During FYE 2022, there was a reversal of Overaccrued Import Duty recorded in the cost of sales. If the reversal of Overaccrued Import Duty was excluded from the cost of sales, the increase in cost of sales and materials costs would be RM19.3 million or 11.7% and RM29.5 million or 23.3%, which was in tandem with the increase in revenue.

Analysis by business segment

Our cost of sales increased by RM9.5 million or 5.6%, to RM179.8 million for FYE 2022 (FYE 2021: RM170.3 million), mainly contributed by the increase in cost of sales for the manufacture of sheet metal products segment and the increase in cost of sales for the supply of scaffoldings segment. This was partially offset by the lower cost of sales for the trading of steel materials and steel related products segment.

Our GP increased by RM4.3 million or 8.2%, to RM56.5 million for FYE 2022 (FYE 2021: RM52.2 million) and our GP margin increased to 23.9% in FYE 2022 (FYE 2021: 23.5%). During FYE 2022, a reversal of RM4.8 million was recorded upon the final settlement of RM0.1 million as agreed with RMCD on the Additional Import Duty.

11. FINANCIAL INFORMATION (cont'd)

If the said reversal was excluded in FYE 2022, the total GP would be RM51.5 million and the GP margin would be 21.8% (FYE 2021: RM57.1 million and 25.7%). Our Group's GP margin is lower in FYE 2022 mainly due to the decrease in steel prices during the year which our Group price its products at a lower price, whereas raw materials were purchased at higher prices before the significant decrease in steel prices.

Manufacture of sheet metal products

Our cost of sales for the manufacture of sheet metal products increased by RM16.7 million or 12.1% to RM154.9 million for FYE 2022 (FYE 2021: RM138.2 million), which grew in tandem with our revenue growth rate of 4.1%. Our GP for manufacture of sheet metal products segment recorded a decrease of RM9.1 million or 19.7%, to RM37.1 million for FYE 2022 (FYE 2021: RM46.2 million). The GP margin decreased as well, from 25.1% in FYE 2021 to 19.3% in FYE 2022.

The decrease in GP and GP margin for our manufacture of sheet metal products segment was primarily due to the decline in the global steel coil prices during FYE 2022. Our Group had lowered the price of our products following the decline in steel prices, whereas raw materials were purchased prior to the decline in steel prices, resulting in our Group's GP margin to decline in FYE 2022 in line with the fall in steel prices.

Our cost of sales for roofing sheets and trusses increased by RM3.2 million or 3.7% to RM89.1 million for FYE 2022 (FYE 2021: RM85.9 million), despite our revenue declined by 5.4%, mainly due to the higher materials costs as explained above. As such, our GP decreased by RM9.8 million or 27.2% to RM26.2 million for FYE 2022 (FYE 2021: RM36.0 million), and we recorded a lower GP margin for the sales of roofing and sheets and trusses of 22.7% for FYE 2022 (FYE 2021: 29.5%).

Our cost of sales for industrial racking systems increased by RM6.0 million or 17.9% to RM39.6 million for FYE 2022 (FYE 2021: RM33.6 million), which grew at a rate lower than our revenue growth rate of 20.4%, mainly due to the reversal of RM3.0 million Overaccrued Import Duty. Hence, our GP increased by RM2.3 million or 32.9% to RM9.3 million for FYE 2022 (FYE 2021: RM7.0 million), and we recorded an improved GP margin of 19.0% for FYE 2022 (FYE 2021: 17.2%). If the said reversal is excluded from our cost of sales, the GP margin for the industrial racking systems would have been 13.1%. The decrease in GP margin was mainly due to lower sales and discount given to a USA customer, coupled with the global decline in steel prices during FYE 2022.

Our cost of sales for the welded pipes increased by RM7.5 million or 40.1% to RM26.2 million for FYE 2022 (FYE 2021: RM18.7 million), which grew at a rate higher than our revenue growth rate of 26.9%, mainly due to the decline in selling prices which was in line with the market prices during FYE 2022, and higher materials costs for the materials costs which were purchased in FYE 2021 prior to the decline in steel prices in FYE 2022. Hence, our GP decreased by RM1.6 million or 50.0% to RM1.6 million for FYE 2022 (FYE 2021: RM3.2 million), and we recorded a lower GP margin for the sales of welded pipes of 5.8% for FYE 2022 (FYE 2021: 14.9%). In FYE 2022, there was a reversal of RM1.9 million Overaccrued Import Duty recorded in our cost of sales for welded pipes. If the said reversal is excluded from our cost of sales, our sale of welded pipe would register a gross loss of RM0.3 million or a gross loss margin of 1.1% as our Group were unable to pass on the higher materials costs which were purchased in FYE 2021 to our customers.

11. FINANCIAL INFORMATION (cont'd)

Supply of scaffoldings

Our cost of sales for supply of scaffoldings increased by RM6.4 million or 36.6%, to RM23.9 million for FYE 2022 (FYE 2021: RM17.5 million), mainly due to increase in cost of sales recorded from the sales of scaffoldings segment for FYE 2022 of RM5.8 million, which increased in tandem with the increase in revenue.

The overall GP for the supply of scaffoldings segment recorded an increase of RM8.2 million or 98.8%, to RM16.5 million for FYE 2022 (FYE 2021: RM8.3 million). The GP margin for the supply of scaffoldings segment increased from 32.2% in FYE 2021 to 40.9% in FYE 2022. The increase in GP was primarily due to the increase in GP for sales of scaffoldings as a result of the sourcing of components and accessories from third-party manufacturers and suppliers at lower costs.

Trading of steel materials and steel related products

Our GP for the trading of steel materials and steel related products was RM2.8 million in FYE 2022 (FYE 2021: gross loss of RM2.4 million) as there was a one-off revenue from sales of steel coils that do not meet our manufacturing specifications in FYE 2021 which was sold at a loss. As such, GP margin for the trading of steel materials and steel related products improved to 73.0% in FYE 2022 (FYE 2021: gross loss of 19.7%). The higher GP margin of 73.0% for FYE 2022 as compared to the adjusted GP margin of 58.4% was mainly due to the sales of steel coils at a higher price to local customers as we were able to meet their demand for specified steel coils.

11. FINANCIAL INFORMATION (cont'd)

(iii) Other operating income

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Dividend income from other investment	-	-	6,890	76.0	-	-
Gain on disposal of property, plant and equipment	360	13.0	19	0.2	4,290	32.5
Gain on disposal of other investments	-	-	-	-	1,287	9.8
Insurance compensations	-	-	461	5.1	-	-
Interest income ⁽¹⁾	681	24.7	295	3.3	443	3.4
Realised gain on foreign exchange	176	6.4	-	-	1,330	10.1
Wages subsidy programme	818	29.6	105	1.2	-	-
Rental income	77	2.8	121	1.3	493	3.7
Waiver of debts	-	-	-	-	3,189	24.2
Sales of scrap metal	271	9.8	677	7.5	1,584	12.0
Compensation for damaged rented scaffoldings	94	3.4	11	0.1	-	-
Bad debts recovered	18	0.6	13	0.1	177	1.3
Others ⁽²⁾	268	9.7	468	5.2	388	3.0
Total other operating income	2,763	100.0	9,060	100.0	13,181	100.0

Notes:

- (1) Mainly consists of interests received from late payment charges imposed on customers, interest charged to related parties and fixed deposits.
- (2) Comprises mainly management fees, rebate on insurance premium and reimbursement of handling charges from customers.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2020 and FYE 2021

Our other operating income increased by RM6.3 million or 225.0%, to RM9.1 million in FYE 2021 (FYE 2020: RM2.8 million), mainly due to the dividend income of RM6.9 million received from Visage Industries, a former subsidiary of BWYS Steel (FYE 2020: RM Nil). In addition, our Group also received a fire insurance compensation of RM0.4 million in FYE 2021 (FYE 2020: RM Nil). This compensation resulted from a fire incident that occurred in our Banting Factory in August 2020 where our Group incurred a total repair cost of RM0.6 million.

The abovementioned increases were partially offset by the following:

- (i) decrease in income derived from the wages subsidy programme of RM0.7 million, from RM0.8 million in FYE 2020 to RM0.1 million in FYE 2021. These subsidies are temporary financial assistance provided by the Malaysian Government during the COVID-19; and
- (ii) lower interest income, which decreased to RM0.3 million in FYE 2021 from RM0.7 million in FYE 2020. This was mainly due to lower interest from trade debtors for late payment in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our other operating income increased by RM4.1 million or 45.1%, to RM13.2 million for FYE 2022 (FYE 2021: RM9.1 million), mainly due to the following:

- (i) gain on disposal of property, plant and equipment of RM4.3 million in FYE 2022 (FYE 2021: RM19,000), mainly arising from the compensation from customers for the loss of rented scaffoldings amounting to RM4.2 million. Our Group will impose additional charges to the customers for the loss of rented scaffoldings, and these scaffoldings will be deemed to have been sold;
- (ii) waiver of debts by an overseas supplier amounting to RM3.2 million in FYE 2022 (FYE 2021: RM Nil) due to the export of steel products from China was entitled to export tax rebates until such rebate incentive was removed following the announcements by the Government of China in April 2021 and July 2021. During this period, one of our suppliers imposed additional cost on our purchases of steel coils which our Group managed to negotiate with the supplier in FYE 2022 to waive the additional cost charged;
- (iii) gain on disposal of other investments amounting to RM1.3 million pertaining to BWYS Steel's disposal of its 100.0% equity interests held in Visage Industries to KBH, and 44.0% equity interest held in Eco High to Tan Seong Beng for a total consideration of RM11.6 million during FYE 2022; and
- (iv) realised gain on foreign exchange of RM1.3 million as a result of the strengthening of USD against RM during FYE 2022.

The abovementioned increases were partially offset by the decrease in dividend income, as there was no dividend income in FYE 2022 (FYE 2021: RM6.9 million).

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11. FINANCIAL INFORMATION (cont'd)**(iv) Impairment losses on trade and other receivables**

	FYE 2020		Audited FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
	Trade receivables:					
- ECL allowance	251	42.6	1,584	55.3	1,586	142.7
- Individually impaired	368	62.5	1,291	45.0	142	12.8
- Reversal of ECL allowance	(40)	(6.8)	-	-	(617)	(55.5)
Other receivables:						
- Individually impaired/(Reversal of individual impairment)	10	1.7	(10)	(0.3)	-	-
Total impairment losses on trade and other receivables	589	100.0	2,865	100.0	1,111	100.0

Our Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime ECL from initial recognition while using the three stage general approach within MFRS 9 using the forward-looking ECL model for allowance for impairment losses for other receivables.

Our Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics – the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index, industrial production index and inflation rate) affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

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11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2020 and FYE 2021

Our impairment losses on trade and other receivables increased by RM2.3 million or 383.3%, to RM2.9 million in FYE 2021 (FYE 2020: RM0.6 million), mainly due to:

- (i) higher ECL allowance on trade receivables due to the increased credit risk characteristics on the outstanding trade receivables as at the end of FYE 2021; and
- (ii) higher individual impairment on debtors who have adverse changes in the financial capability and default or significant delay in payments as at end of FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our impairment losses on trade and other receivables decreased by RM1.8 million or 62.1%, to RM1.1 million in FYE 2022 (FYE 2021: RM2.9 million). This was mainly due to lower individual impairment on trade receivables in FYE 2022.

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11. FINANCIAL INFORMATION (cont'd)**(v) Administrative and distribution expenses**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Staff-related costs	6,461	36.2	8,657	35.6	10,815	36.5
Directors' remuneration	1,231	6.9	1,437	5.9	1,480	5.0
Depreciation of property, plant, and equipment	1,699	9.5	1,761	7.2	2,142	7.2
Distribution expenses	2,685	15.0	2,915	12.0	5,541	18.7
Travelling expenses	558	3.1	638	2.6	1,252	4.2
Written off of property, plant, and equipment ⁽¹⁾	1,429	8.0	636	2.6	1,464	5.0
Professional fees	483	2.7	1,046	4.3	1,725	5.8
Provision for legal claims	-	-	1,474	6.0	-	-
Bad debts	27	0.2	1,793	7.4	145	0.5
Insurance expenses	534	3.0	609	2.5	729	2.5
Security charges	415	2.3	601	2.5	886	3.0
Upkeep expenses	496	2.8	460	1.9	727	2.5
Bank charges	231	1.3	311	1.3	295	1.0
Unrealised loss on foreign exchange	26	0.1	192	0.8	464	1.6
Realised loss on foreign exchange	-	-	344	1.4	-	-
Quit rent and assessment	225	1.2	234	1.0	340	1.1
Utilities	300	1.7	266	1.1	264	0.9
Others ⁽²⁾	1,064	6.0	956	3.9	1,320	4.5
	17,864	100.0	24,330	100.0	29,589	100.0

Notes:

- (1) The written off of property, plant, and equipment pertains to damaged or unlocated scaffoldings for rent. In situations where scaffoldings sustain damages beyond repair, it will be written off.
- (2) Comprises mainly printing and stationery, entertainment expenses and office expenses.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2020 and FYE 2021

Our administrative and distribution expenses increased by RM6.4 million or 35.8%, to RM24.3 million for FYE 2021 (FYE 2020: RM17.9 million), mainly attributable to the following:

- (i) increase of RM2.2 million or 33.8% in staff-related costs, to RM8.7 million in FYE 2021 (FYE 2020: RM6.5 million). This is primarily due to higher staff bonuses and annual salary increment during FYE 2021;
- (ii) increase of RM1.8 million in bad debts in FYE 2021, mainly due to uncollectible debts which resulted from long outstanding trade debts and winding-up of businesses; and
- (iii) RM1.5 million of provision for legal claims in FYE 2021 (FYE 2020: RM Nil) in respect of the counterclaims by two of our debtors on our legal demand of outstanding debts. The counterclaims brought against our Group are in relation to the debtors alleging their suffering of substantial damages due to defective products and breach of the agreement terms.

Comparison between FYE 2021 and FYE 2022

Our administrative and distribution expenses increased by RM5.3 million or 21.8%, to RM29.6 million for FYE 2022 (FYE 2021: RM24.3 million). This was mainly attributable to the following:

- (i) increase of RM2.6 million or 89.7% in distribution expenses, to RM5.5 million in FYE 2022 (FYE 2021: RM2.9 million), mainly due to the higher transportation charges incurred for shipments to Sabah and Sarawak;
- (ii) increase of RM2.1 million or 24.1% in staff-related costs to RM10.8 million in FYE 2022 (FYE 2021: RM8.7 million), mainly due to the expansion of our headcount for administrative staff;
- (iii) increase of RM0.9 million or 150.0% in property, plant, and equipment written off to RM1.5 million in FYE 2022 (FYE 2021: RM0.6 million), mainly due to damaged or unlocated scaffoldings for rent;
- (iv) increase of RM0.7 million or 116.7% in travelling expenses, to RM1.3 million in FYE 2022 (FYE 2021: RM0.6 million), primarily due to more marketing activities following the relaxation of MCO imposed by the Government of Malaysia in FYE 2022; and
- (v) increase of RM0.7 million or 70.0% in professional fees, to RM1.7 million in FYE 2022 (FYE 2021: RM1.0 million), primarily due to professional fees incurred for the Listing.

The abovementioned increases were partially offset by the decrease in bad debts of RM1.7 million or 94.4%, to RM0.1 million in FYE 2022 (FYE 2021: RM1.8 million). There was also no provision for legal claims in FYE 2022 (FYE 2021: RM1.5 million), as explained in Section 11.2.2(v) of this Prospectus.

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11. FINANCIAL INFORMATION (cont'd)**(vi) Finance costs**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Term loans	1,881	44.1	1,930	43.6	2,569	46.9
Bankers' acceptances	1,603	37.6	1,630	36.8	2,187	39.9
Bank overdrafts	61	1.4	93	2.1	169	3.1
Lease liabilities	184	4.3	318	7.2	377	6.9
Revolving credit	36	0.9	10	0.2	42	0.8
Others ⁽¹⁾	501	11.7	450	10.1	134	2.4
Total finance costs	4,266	100.0	4,431	100.0	5,478	100.0

Note:

(1) Comprises mainly interest charged by related parties on advances to our Group.

Comparison between FYE 2020 and FYE 2021

Our finance costs increased by RM0.1 million or 2.3%, to RM4.4 million for FYE 2021 (FYE 2020: RM4.3 million). This was mainly attributable to the increase in finance costs resulting from lease liabilities of RM0.1 million or 50.0%, to RM0.3 million in FYE 2021 (FYE 2020: RM0.2 million).

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM1.1 million or 25.0%, to RM5.5 million for FYE 2022 (FYE 2021: RM4.4 million), mainly due to the following:

- (i) increase in finance costs from bankers' acceptances of RM0.6 million or 37.5%, to RM2.2 million for FYE 2022 (FYE 2021: RM1.6 million). This was due to higher bankers' acceptances drawn for our working capital requirements; and
- (ii) increase in finance costs from term loans by RM0.7 million or 36.8%, to RM2.6 million for FYE 2022 (FYE 2021: RM1.9 million). This was due to full year interest charged on the new term loan obtained to finance the acquisition of Lot 1215 Land together with Penang 1572 Factory in FYE 2021.

The abovementioned increases were offset partially by the decrease in interest charged by related parties of RM0.4 million or 80.0%, to RM0.1 million in FYE 2022 (FYE 2021: RM0.5 million). This is primarily due to the repayment of advances to related parties.

11. FINANCIAL INFORMATION (cont'd)**(vii) PBT and PBT margin**

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
PBT (RM'000)	5,301	29,602	33,453
PBT margin (%)	4.1	13.3	14.2

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM24.3 million in FYE 2021. Our PBT margin also increased from 4.1% in FYE 2020 to 13.3% in FYE 2021. The increase in PBT and PBT margin was mainly due to the higher GP and GP margin as explained in Section 11.2.2(ii) of this Prospectus, as well as the dividend income received from Visage Industries as explained Section 11.2.2(iii) of this Prospectus.

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM3.8 million in FYE 2022. Our PBT margin also increased from 13.3% in FYE 2021 to 14.2% in FYE 2022. The increase in PBT and PBT margin was mainly due to the higher GP and GP margin as explained in Section 11.2.2(ii) of this Prospectus, as well as the higher other operating income recorded primarily from the gain on disposal of property, plant and equipment, gain on disposal of other investments, realised gain on foreign exchange and waiver of debts by a supplier.

(viii) Tax expense

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Taxation	1,990	4,763	9,942
Effective tax rate (%)	37.5	16.1	29.7
Statutory tax rate (%)	24.0	24.0	24.0

Tax expenses comprise the current financial year's income tax payable, deferred tax and any under or overprovision of tax expenses in the previous financial year. The applicable statutory tax rate for the Period Under Review is 24.0%.

On 29 November 2011, BWYS Timur was granted pioneer status by MIDA for output production of metal roofing, corrugated sheets, batten c-section and c-purlin for a period of ten years, which ended in November 2021, whereby 100% of its statutory income on the pioneer activities of BWYS Timur is tax exempted.

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11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2020 and FYE 2021

Our tax expenses increased by RM2.8 million or 140.0%, to RM4.8 million in FYE 2021 (FYE 2020: RM2.0 million), mainly due to higher PBT recorded in FYE 2021.

Despite the higher PBT, our effective tax rate in FYE 2021 was 16.1%, which was lower than the statutory tax rate of 24.0%. This was mainly attributable to non-taxable dividend income from other investment as well as non-taxable pioneer income by BWYS Timur.

In contrast, our effective tax rate in FYE 2020 was 37.5%, which was higher than the statutory tax rate of 24.0%. This was mainly due to YS Global and BW Scaffold recording losses before tax, whereby no deferred tax assets were recognised on the losses recorded from these combining entities.

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM5.1 million or 106.3%, to RM9.9 million for FYE 2022 (FYE 2021: RM4.8 million). This was mainly attributable to higher PBT recorded for FYE 2022.

Our effective tax rate of 29.7% for FYE 2022 was higher than the statutory tax rate of 24.0%, due to underprovision of deferred tax in prior years amounting to RM2.2 million in respect of temporary differences between net carrying amount of property, plant, and equipment and the corresponding tax written down values.

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11. FINANCIAL INFORMATION (cont'd)**11.2.3 Review of financial position****(a) Assets**

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	79,797	123,595	130,293
Right-of-use assets	14,928	16,486	18,830
Other investments	10,154	10,263	-
Total non-current assets	104,879	150,344	149,123
Current assets			
Inventories	43,791	95,005	86,227
Trade and other receivables	43,463	56,212	45,495
Current tax assets	635	1,044	3,085
Cash and bank balances	5,649	23,848	14,827
Total current assets	93,538	176,109	149,634
Total assets	198,417	326,453	298,757

Comparison between 31 December 2020 and 31 December 2021

Our total assets increased by RM128.1 million or 64.6%, to RM326.5 million as at 31 December 2021 (as at 31 December 2020: RM198.4 million). The increase was mainly attributable to the increase in non-current assets by RM45.5 million and current assets by RM82.6 million as at 31 December 2021.

The increase in non-current assets was mainly attributable to the following:

- (a) increase in property, plant and equipment of RM43.8 million, mainly due to the net effects of the following:
 - (i) acquisition of Lot 1215 Land together with Penang 1572 Factory and capitalisation of its incident costs totaling RM36.3 million;
 - (ii) purchase of other property, plant and equipment of RM13.9 million comprises mainly equipment for rent, and plant and machinery; and
 - (iii) depreciation charges of RM5.4 million.
- (b) increase in right-of-use assets of RM1.6 million, mainly due to the purchase motor vehicles of RM1.8 million and plant and machinery of RM0.4 million under hire purchase arrangements, as well as the lease of office premises of RM0.6 million, of which the additions were narrowed by the depreciation charges of RM1.2 million.

11. FINANCIAL INFORMATION (cont'd)

The increase in current assets was mainly due to the following:

- (a) increase inventories of RM51.2 million, mainly due to the increase in raw materials purchased during FYE 2021 and the increase in work-in-progress inventories due to higher work-in-progress for the roofing sheets and trusses and welded pipes as at 31 December 2021. In addition, the higher steel price in FYE 2021 as compared to FYE 2020 has also contributed to the increase in inventories as at 31 December 2021;
- (b) increase in trade and other receivables of RM12.7 million, mainly due to the increase in other receivables by RM10.1 million as a result of deposits paid to a supplier for the purchase of raw materials; and
- (c) increase in cash and bank balances of RM18.2 million, mainly due to cash generated from our business operations.

Comparison between 31 December 2021 and 31 December 2022

Our total assets decreased by RM27.7 million or 8.5%, to RM298.8 million as at 31 December 2022 (as at 31 December 2021: RM326.5 million), mainly due to the decrease in current assets of RM26.5 million as at 31 December 2022. The decrease in current assets was primarily due to the following:

- (a) decrease in trade and other receivables of RM10.7 million mainly due to lower other receivables as a result of deposits paid to a supplier during FYE 2021 for the purchase of raw materials being offset with the supplier invoices upon the receipt of the raw materials during FYE 2022;
- (b) decrease in inventories of RM8.8 million, mainly due to lower work-in-progress towards the end of FYE 2022; and
- (c) decrease in cash and bank balances of RM9.0 million, mainly due to net repayments of borrowings, repayments to related parties, lease liabilities, and interest paid totalling RM30.1 million and dividend payments of RM11.1 million during FYE 2022. Such decreases were narrowed by the net cash from investing activities of RM14.7 million comprising mainly disposal proceeds from other investments and property, plant and equipment as well as cash generated from our business operations.

Our total non-current assets decreased by RM1.2 million or 0.8%, to RM149.2 million as at 31 December 2022 (as at 31 December 2021: RM150.4 million). This was mainly due to the decrease in other investments of RM10.3 million which resulted from the disposal of other investments comprising 100.0% equity interest in Visage Industries and 44.0% equity interest in Eco High during FYE 2022.

The abovementioned decrease in non-current assets was partially offset by the following:

- (a) increase in property, plant, and equipment of RM6.7 million, mainly due to equipment for rent amounting to RM13.5 million being transferred from inventories, which was narrowed by depreciation charges of RM6.6 million. The transfer from inventories occurs when scaffoldings which were previously intended to be sold as part of our inventories, are then used for rental purposes instead; and
- (b) increase in right-of-use assets of RM2.3 million, primarily due to the purchase of motor vehicles under hire purchase arrangements of RM2.6 million and the renting of Kuching warehouse and office, Bintulu warehouse and office and Kota Kinabalu warehouse and office amounting to RM2.0 million, narrowed by depreciation charges of RM1.9 million.

11. FINANCIAL INFORMATION (cont'd)**(b) Liabilities**

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Non-current liabilities			
Other payables	4,069	4,069	-
Borrowings	42,893	69,136	63,228
Lease liabilities	3,079	3,665	4,707
Deferred tax liabilities	1,196	2,463	5,384
Total non-current liabilities	51,237	79,333	73,319
Current liabilities			
Trade and other payables	28,026	58,767	34,593
Borrowings	34,563	78,904	65,886
Lease liabilities	1,127	1,521	2,401
Provision	-	1,474	1,474
Current tax liabilities	21	148	2,402
Total current liabilities	63,737	140,814	106,756
Total liabilities	114,974	220,147	180,075

Comparison between 31 December 2020 and 31 December 2021

Our total liabilities increased by RM105.1 million or 91.4%, to RM220.1 million as at 31 December 2021 (as at 31 December 2020: RM115.0 million), mainly due to the following:

- (i) increase in borrowings of RM70.6 million mainly due to higher drawdowns of bankers' acceptances for the purchase of steel coils and drawdown of new term loan to finance the acquisition of Lot 1215 Land together with Penang 1572 Factory;
- (ii) increase in trade payables of RM20.0 million, mainly due to higher purchases of steel coils towards the end of FYE 2021; and
- (iii) increase in other payables of RM10.7 million, mainly due to the increase in accrued purchases of steel coils of RM5.8 million and the accrued Additional Import Duty imposed by RMCD of RM4.9 million.

Comparison between 31 December 2021 and 31 December 2022

Our total liabilities decreased by RM40.0 million or 18.2% to RM180.1 million as at 31 December 2022 (as at 31 December 2021: RM220.1 million) mainly due to the following:

- (i) decrease in borrowings of RM18.9 million, mainly due to higher repayments of bankers' acceptances during the year resulting in lower outstanding bankers' acceptances as at 31 December 2022 as compared to 31 December 2021 and scheduled repayments of term loans during FYE 2022;
- (ii) decrease in trade payables of RM13.8 million, as there were lower outstanding purchases of steel coils as at end of FYE 2022; and
- (iii) decrease in other payables of RM14.5 million, mainly due to no accrued purchases of steel coils as at the end of FYE 2022 as compared to FYE 2021, and the reversal of Overaccrued Import Duty of RM4.8 million imposed by RMCD due to the lower final settlement made in FYE 2022.

11. FINANCIAL INFORMATION (cont'd)

11.2.4 Impact of Foreign Exchange Rates, Interest Rates and/or Commodity Prices

(a) Impact of foreign exchange rates

Our exposure to foreign currency risk arises primarily from sales and purchases that are denominated in currencies other than the functional currency of our Group. We have a natural hedge to the extent that payment for foreign currency payables are matched against receivables denominated in the same foreign currency. Our foreign currency risk arises when and to the extent these payment and receivable amounts do not match.

The following is the breakdown of our sales based on currency denomination throughout the Period Under Review:

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
RM	128,790	98.4	203,657	91.6	226,324	95.8
USD	129	0.1	18,707	8.4	9,907	4.2
SGD	1,945	1.5	71	~	-	-
Total	130,864	100.0	222,435	100.0	236,231	100.0

Note:

~ Represents amount less than 0.1%.

The following is the breakdown of our input materials and services that we purchased and engaged for our business operations based on currency denomination throughout the Period Under Review:

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
RM	18,881	22.1	25,694	13.8	64,673	38.5
USD	66,401	77.9	160,996	86.2	95,397	56.8
RMB	-	-	-	-	7,764	4.6
Total	85,282	100.0	186,690	100.0	167,834	100.0

A depreciation of the RM against the USD may adversely affect our financial performance and our GP margin. If the USD significantly appreciates against the RM, we will record a higher revenue and higher cost of sales in RM after conversion. Conversely, if the USD significantly depreciates against the RM, we will record a lower revenue and lower cost of sales in RM after conversion.

For illustration purposes, the sensitivity analysis of the effect on our PAT for Period Under Review of a 5.0% strengthening or weakening of RM relative to the respective currencies are summarised in the following table:

PAT	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
USD/RM			
- Strengthen by 5%	130	(356)	(197)
- Weaken by 5%	(130)	356	197

11. FINANCIAL INFORMATION (cont'd)

PAT	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
SGD/RM			
- Strengthen by 5%	3	-	-
- Weaken by 5%	(3)	-	-

Details of our foreign currency exchange gain/losses during the Period Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Realised gain/(loss) on foreign exchange	176	(344)	1,330
Unrealised (loss)/gain on foreign exchange	(26)	(192)	(464)
Net gain/(loss)	150	(536)	866

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure to foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases denominated in USD to mitigate the adverse effect on our financial performance. For the Period Under Review, the derivatives gains or losses arising from foreign exchange forward contracts were not material and were offset against realised gains or losses on foreign exchange account. The gains and losses arising from hedging instruments during the Period Under Review are summarised in the table below:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Gain from hedging instruments	-	37	244

As at LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchases from our foreign suppliers and revenue from our foreign sales. A depreciation of the RM against the USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in costs to our customers in a timely manner, our financial performances may be adversely affected due to the reduced GP margin from higher costs of supplies.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. The interest coverage ratio for the Period Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
Interest coverage ratio (times) ⁽¹⁾	2.1	7.6	7.0

11. FINANCIAL INFORMATION (cont'd)

Note:

(1) Computed based on EBIT over finance costs for the respective financial years.

Our interest coverage ratio ranged between 2.1 times to 7.6 times for FYE 2020 to FYE 2022. This indicates that our Group has been able to generate sufficient EBIT to meet our interest servicing obligations.

(c) Impact of commodity prices

Most of our products and materials (steel coils) are commodities in which prices fluctuate based on market conditions. 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 and subsequently declined to USD746/tonne and USD871/tonne respectively in August 2023. Accordingly, our product margins and profitability fluctuate in accordance with commodity price movement. To manage the risk of commodity price fluctuation, we implement several controls and management, including inventory management, such as purchasing more as and when we observe an upward trend in material prices, daily monitoring and passing costs increase to customers to dampen the influence of such volatility.

Please refer to Section 8.1.1 of this Prospectus for further information on the risk relating to price fluctuations of our main input materials.

(d) Impact of inflation

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers through increase in selling prices.

(e) Impact of government, economic, fiscal, or monetary policies

There were no government, economic, fiscal, or monetary policies or factors which have materially affected our financial performance during the Period Under Review.

Any adverse changes in the political, social, economic, and regulatory conditions in Malaysia could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions, including, among others, temporary suspension of our business operations. Please refer to Section 6.5.15 of this Prospectus for further details on the impact of the COVID-19.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control will not materially affect our business operations and financial performance.

11. FINANCIAL INFORMATION (cont'd)**11.2.5 Review of cash flows**

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net cash from operating activities	8,098	4,165	15,658
Net cash (used in)/from investing activities	(3,943)	(13,920)	14,743
Net cash (used in)/from financing activities	(6,802)	25,963	(44,346)
Net changes in cash and cash equivalents	⁽¹⁾ (2,647)	16,208	⁽¹⁾ (13,945)
Cash and cash equivalents at the beginning of the financial year	2,801	144	16,352
Effects of exchange rate changes on cash and cash equivalents	(10)	~	~
Cash and cash equivalents at the end of the financial year	144	16,352	2,407

Notes:

~ Represents amount less than RM1,000.

- (1) The decrease in cash and cash equivalents in FYE 2020 was mainly due to net cash used in investing activities in relation to the purchase of property, plant, and equipment and net cash used in financing activities in relation to the repayment of bank borrowings and interest paid. Such cash outflows were narrowed by the cash generated from business operations.

The decrease in cash and cash equivalents in FYE 2022 was mainly due to net cash used in financing activities in relation to repayment of bank borrowings and interest paid. Such cash outflow was narrowed by the cash generated from business operations as well as cash inflows from investing activities primarily from proceeds from the disposals of our investments in Visage Industries and Eco High.

FYE 2020**Net cash from operating activities**

For FYE 2020, net cash generated from operating activities was RM8.1 million. We collected RM139.6 million from our customers as well as receipt of other operating income of RM1.5 million comprise mainly wage subsidy and sales of scrap metal. However, the above was partially offset by cash payments made of RM133.0 million, mainly for the following:

- (i) RM116.9 million paid to our suppliers and for the labour costs;
- (ii) RM14.1 million paid for our other operating expenses and staff salaries; and
- (iii) income tax paid of RM2.0 million.

Net cash used in investing activities

For FYE 2020, our Group recorded a net cash outflow of RM3.9 million from investing activities, mainly attributable to the following:

- (i) cash payments for the purchase of property, plant, and equipment amounting to RM6.4 million comprise mainly of equipment for rent, plant and machinery and motor vehicles; and

11. FINANCIAL INFORMATION (cont'd)

- (ii) cash payments for the purchase of right-of-use assets amounting to RM0.2 million comprised mainly plant and machinery under hire purchase arrangements.

The above cash outflows were partially offset by the following cash inflows:

- (i) interest income of RM0.7 million, mainly from interest charges on late payments from our trade receivables;
- (ii) proceeds of RM1.8 million from the disposal of property, plant, and equipment comprised mainly equipment for rent and motor vehicles; and
- (iii) proceeds of RM0.2 million from the disposal of motor vehicles under right-of-use assets.

Net cash used in financing activities

For FYE 2020, our Group recorded a net cash outflow of RM6.8 million from financing activities due to the following:

- (i) dividends of RM0.2 million paid to the non-controlling interests of YS Global;
- (ii) interests paid on bank borrowings (excluding interest on lease liabilities) of RM4.1 million;
- (iii) repayment of bankers' acceptances amounting to RM92.9 million;
- (iv) repayment of revolving credit amounting to RM1.0 million;
- (v) repayment of term loans amounting to RM4.2 million;
- (vi) repayment of lease liabilities amounting to RM1.0 million; and
- (vii) net repayment of RM0.6 million to a related party, namely Visage Industries, narrowed by advances of RM0.3 million from a related party, namely Visage Global. The advances with related parties are for working capital purposes.

The above cash outflows were partially offset by the following cash inflows:

- (i) drawdown of bankers' acceptances amounting to RM85.4 million for settlement of the purchase of raw materials comprised mainly steel coils;
- (ii) drawdown of term loans amounting to RM8.0 million for working capital purposes; and
- (iii) decrease in deposits pledged with licensed banks amounting to RM3.6 million.

FYE 2021

Net cash for operating activities

For FYE 2021, net cash generated from operating activities was RM4.2 million. We collected RM225.8 million from our customers as well as receipts of other operating income of RM1.9 million, comprised mainly of insurance compensations received and sales of scrap metal. However, the above was partially offset by cash payments made of RM223.5 million, mainly for the following:

- (i) RM203.0 million paid to our suppliers and for the labour costs;
- (ii) RM16.7 million paid for our other operating expenses and staff salaries; and
- (iii) income tax payments of RM3.8 million.

11. FINANCIAL INFORMATION (cont'd)

Net cash used in investing activities

For FYE 2021, our Group recorded a net cash outflow of RM13.9 million from investing activities attributable to the following:

- (i) additional investment of 225,500 ordinary shares in Eco High for a total consideration of RM0.1 million for its working capital purposes;
- (ii) acquisition of 200,000 ordinary shares representing 20.0% equity interest in YS Global from two unrelated parties, namely Chuah Choon Lim and Lim Saw Hong for a total consideration of RM0.4 million;
- (iii) cash payments for the purchase of property, plant, and equipment amounting to RM20.5 million comprised mainly the purchase of Lot 1215 Land together with Penang 1572 Factory and installation costs of a new production line for welded pipes as part of our business expansion. Additionally, we also acquired equipment for rent, plant and machinery, and motor vehicles; and
- (iv) cash payments for the purchase of right-of-use assets amounting to RM0.5 million comprise mainly the purchase of motor vehicles under hire purchase arrangements.

The above cash outflows were partially offset by the following cash inflows:

- (i) dividend income received from Visage Industries amounting to RM6.9 million;
- (ii) interest income of RM0.3 million, mainly from interest charges on late payments from trade receivables and deposits with licensed banks; and
- (iii) proceeds of RM0.4 million from the disposal of property, plant, and equipment comprise mainly motor vehicles and plant and machinery.

Net cash from financing activities

For FYE 2021, our Group recorded a net cash inflow of RM26.0 million from financing activities, mainly attributable to the drawdown of bankers' acceptances amounting to RM162.6 million for settlement of the purchase of raw materials comprise mainly steel coils and drawdown of revolving credit amounting to RM1.0 million for working capital purposes.

The above cash inflows were partially offset by the following cash outflows:

- (i) dividends of RM1.6 million paid to common controlling shareholders;
- (ii) interest paid on bank borrowings (excluding interest on lease liabilities) of RM4.1 million;
- (iii) repayment of bankers' acceptances amounting to RM118.8 million;
- (iv) repayment of term loans amounting to RM2.2 million;
- (v) repayment of lease liabilities amounting to RM1.6 million;
- (vi) repayment of RM6.7 million to a related party, namely Visage Industries, narrowed by advances of RM1.1 million from related parties, namely Visage Global and YHTJ Sarawak. The advances to/from related parties were for working capital purposes; and
- (vii) increase in deposits pledged with licensed banks amounting to RM3.8 million to secure the credit facilities granted by the financial institutions.

11. FINANCIAL INFORMATION (cont'd)**FYE 2022****Net cash from operating activities**

For FYE 2022, net cash generated from operating activities was RM15.7 million. We collected RM254.6 million from our customers as well as receipts of other operating income of RM2.6 million, comprised mainly income from sales of scrap metal and rental income. However, the above was partially offset by cash payments made of RM241.5 million, mainly for the following:

- (i) RM213.8 million paid to our suppliers and for the labour costs;
- (ii) RM20.9 million paid for our other operating expenses and staff salaries; and
- (iii) income tax paid of RM6.8 million.

Net cash from investing activities

For FYE 2022, our Group recorded a net cash inflow of RM14.7 million from investing activities due to the following:

- (a) interest income of RM0.4 million mainly from deposits with licensed banks;
- (b) proceeds from the disposals of our investment in Visage Industries to KBH, and Eco High to Tan Seong Beng for a total consideration of RM11.6 million; and
- (c) proceeds of RM7.0 million from the disposal of property, plant, and equipment which comprise mainly equipment for rent and motor vehicles.

The above cash inflows were partially narrowed by the cash payments for the purchase of property, plant and equipment of RM3.9 million, which comprise mainly plant and machinery, building and installation costs of production line for welded pipes, furniture, fittings and office equipment and renovation costs.

Net cash used in financing activities

For FYE 2022, our Group recorded a net cash outflow of RM44.3 million from financing activities, mainly due to:

- (i) dividends paid of RM11.1 million to common controlling shareholders;
- (ii) interest paid on bank borrowings (excluding interest on lease liabilities) of RM5.1 million;
- (iii) repayment of bankers' acceptances amounting to RM196.5 million;
- (iv) repayment of term loans amounting to RM6.1 million;
- (v) repayment of lease liabilities amounting to RM2.5 million;
- (vi) repayment of RM1.8 million to related parties, namely Visage Global, Visage Industries and YHTJ Sarawak; and
- (vii) increased in deposits pledged with licensed banks amounting to RM3.1 million to secure credit facilities granted by the financial institutions.

The above cash outflows were partially offset by the drawdown of bankers' acceptances amounting to RM181.8 million for settlement of the purchase of raw materials comprised mainly steel coils.

11. FINANCIAL INFORMATION (*cont'd*)

11.3 LIQUIDITY AND CAPITAL RESOURCES

11.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, bank overdrafts, bank guarantees, trade facilities as well as finance lease liabilities.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

There are no legal, financial or economic restrictions on subsidiaries' ability to transfer funds to our Group in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) Our cash and cash equivalent of approximately RM4.8 million as at LPD;
- (b) Our expected future cash flows from operations;
- (c) Our total banking facilities as at LPD of RM222.5 million (excluding finance leases), of which RM144.2 million have been utilised; and
- (d) Our pro forma gearing ratio of [•] times, based on our pro forma combined statements of financial position as at 31 December 2022 after adjustment for other material transaction, Capitalisations, Acquisitions and IPO.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Save as disclosed in Section 11.3.5 of this Prospectus, our Group has not encountered any major disputes with our customers. Our finance personnel work closely with our sales and marketing staff for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while allowing us to maintain cordial relationship with our customers.

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11. FINANCIAL INFORMATION (cont'd)

11.3.2 Borrowings

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings (excluding lease liabilities arising from right-of-use assets of RM1.8 million) as at 31 December 2022 stood at RM134.4 million, details of which are set out below:

		Purposes	Interest rate	Tenure	As at 31
			% per annum		December 2022
					RM'000
Current					
Bank overdrafts	For working capital purposes		6.20 – 8.45	N/A	3,526
Bankers' acceptances	For working capital purposes		1.96 – 5.01	1-3 months	56,629
Revolving credit	For working capital purposes		4.20 – 5.20	3 months	1,000
Term loans	To finance property, plant, and equipment, and for working capital purposes		3.00 – 8.20	6-12 months	4,731
Hire purchases	To finance motor vehicles and plant and machinery		1.92 – 4.28	12 months	1,636
Total current borrowings					67,522
Non-current					
Term loans	To finance property, plant, and equipment, and for working capital purposes		3.00 – 8.20	4-20 years	63,228
Hire purchases	To finance motor vehicles and plant and machinery		1.92 – 4.28	2-5 years	3,692
Total non-current borrowings					66,920
Total borrowings					134,442
Pro forma gearing (times)					
After adjustments for other material transactions, Capitalisations and Acquisitions but before IPO ⁽¹⁾					0.99
After adjustments for other material transactions, Capitalisations, Acquisitions and IPO ⁽²⁾					[•]

Notes:

- (1) Computed based on our pro forma equity attributable to the owners of our Company of RM138.1 million in the pro forma combined statements of financial position after adjustments for other material transactions, Capitalisations and Acquisitions, but before IPO.
- (2) Computed based on our pro forma equity attributable to the owners of our Company of RM[•] million in the pro forma combined statements of financial position after adjustments for other material transactions, Capitalisations, Acquisitions, and IPO which includes the repayment of bank borrowings of RM[•] million.

11. FINANCIAL INFORMATION (cont'd)

Separately, we have also recognised the following lease liabilities on the right-of-use assets, which are denominated in RM:

	Purpose	Tenure	As at 31 December 2022 RM'000
Lease liabilities payable within 1 year	Rental of factory warehouse and staff hostel	Initial lease of 2 years with option to renew for another 2 years	765
Lease liabilities payable after 1 year	Rental of factory warehouse and staff hostel	Initial lease 2 years with option to renew for another 2 years	1,015
			1,780

In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective Financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received all conditional approvals from the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from BWYS. We have also received letters from MBSB Bank Berhad noting the Listing and will carry out a review of our request to discharge the above guarantees in favour of MBSB Bank Berhad upon the Listing. The Financiers have imposed conditions that the discharge is conditional upon the completion of the Listing and execution and perfection of a corporate guarantee by the Company.

11. FINANCIAL INFORMATION (cont'd)

The maturity profile based on the undiscounted contractual repayment obligation of our total borrowings (excluding lease liabilities for right-of-use assets) as of the dates indicated is as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Within one year	38,178	83,476	69,880
One to five years	26,293	33,977	33,254
More than five years	34,854	61,075	60,124
Total contractual cash flow	99,325	178,528	163,258
Total carrying amount	81,224	152,496	134,442

Our interest-bearing borrowings carry the following effective interest rates for the Period Under Review:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	% per annum		
Bankers' acceptance	1.96 – 4.72	2.03 – 3.80	2.90 – 5.01
Term loans	3.37 – 7.45	3.00 – 7.20	3.50 – 8.20
Bank overdrafts	6.45 – 6.95	6.20 – 6.69	7.20 – 8.45
Lease liabilities	1.92 – 8.00	1.92 – 8.00	1.92 – 7.35
Revolving credit	-	4.20	5.20

As at LPD, we do not have any borrowings which are non-interest bearing. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the Period Under Review as well as subsequent FYE 2022 up to LPD.

As at LPD, neither our Group nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During the Period Under Review, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11. FINANCIAL INFORMATION (*cont'd*)

11.3.3 Types of financial instruments used, treasury policies and objectives

As at LPD, save for our borrowings as disclosed in Section 11.3.2 of this Prospectus, we do not have nor utilise any other financial instruments. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of funds which mainly comprise borrowings. The principal usages of these bank borrowings are for working capital as well as the purchase of raw materials, and property, plant and equipment.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases denominated in USD to mitigate the adverse effect on our financial performance.

Save for our hire purchase, bankers' acceptances, special relief term loans and revolving credit which carry fixed interest rates, other borrowings bear variable interest rates based on the bank's base lending rate plus or minus a rate, which varies depending on the different types of bank facilities.

11.3.4 Material capital commitments

As at LPD, save as disclosed below, there are no material capital commitments incurred or to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results:

- (i) integrated PU form sandwich panel production line amounted to RM1.5 million as set out in Section 6.6.3 of this Prospectus.
- (ii) capital expenditure to support the growth of our business, details of which are set out in Section 4.9 of this Prospectus.

We expect to finance these capital expenditures through the IPO proceeds and/or internally generated funds.

11.3.5 Material litigation and contingent liabilities

Save as disclosed below, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD:

1. *Shah Alam Sessions Court Suit No. BA-B52NCC-13-02/2022*
YS Success Industries Sdn Bhd ("Plaintiff")
-v-
Tan Kean Siang and Teoh Chiau Huei both trading as Hung Tat Trading (Registration No.: 201303262877 (PG0331127-D)) ("Defendants")

The Plaintiff had, upon the Defendants' request and order, sold and delivered to the Defendants goods including but not limited to various types, measurements, dimensions, parts, colours, specifications and/or sizes of "Galvanised Pipe", "Conduit Pipe", and others ("**Products**").

11. FINANCIAL INFORMATION (*cont'd*)

The Products ordered by the Defendants had been delivered by the Plaintiff in its entirety and in order. The Defendants had acknowledged that the Products were delivered in accordance with their order and in good condition. The Defendants made partial payments to the Plaintiff on 14 January 2022, 18 February 2022 and 15 March 2022. However, the Defendants have refused to settle the outstanding sum due and owing to the Plaintiff despite multiple demands by the Plaintiff. On 22 February 2022, the Plaintiff filed a writ action to claim for a sum of RM768,667.82, interest in the sum of RM38,791.02 as at 21 February 2022 calculated at the rate of 1.5% per month on the sum; and additional interest at the rate of 1.5% per month on RM729,876.80 from 22 February 2022 until the date of full settlement, due and payable from the Defendant.

By way of the defence and counterclaim dated 30 May 2022, the Defendants claimed that the Plaintiff did not deliver the entirety of the Products that were ordered by the Defendants counterclaimed for RM755,123.00 plus 5% interest per annum on the counterclaim sum.

A case management for filing of the pre-trial documents has been fixed on 17 November 2023.

The legal counsel acting for YS Success opines that YS Success has a fair chance to win the case.

2. *Kota Bharu Sessions Court Suit No. DA-A52NCvC-20-07/2022*

BW Yee Seng Steel Industries Sdn Bhd ("Plaintiff")

-v-

Mentari Arus Sdn Bhd, Kong Bee Kai and Thau Po Been ("Defendants")

The Plaintiff, pursuant to a sale agreement dated 22 October 2019 entered into with the Defendants, sold and delivered certain products and rental services, including those related to VFrame Wall Framing System V70 ("**Products**"), to the Defendants.

The Defendants had acknowledged that the Products were delivered but refused to make payments. In response to Plaintiff's letter of demand, Defendants vide a letter of demand dated 27 September 2021, counter-claimed for the sum of RM987,402.00, alleging that the supply of Products were defective.

On 5 July 2022, the Plaintiff filed a writ action to claim for a sum of RM155,321.03 due and payable from the Defendant, among others. By way of a defence and counterclaim dated 25 August 2022, the Defendants counterclaimed for the sum of RM987,402.00, alleging that the Products were defective and they have suffered substantial damages as a result of the breach of the agreements.

The matter has been fixed for trial on 30 January 2024 and 31 January 2024.

The legal counsel acting for BWYS Steel is of the view that BWYS Steel has a fair chance to win the case.

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our business, financial results or position.

11. FINANCIAL INFORMATION (*cont'd*)

11.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Period Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover (days) ⁽¹⁾	104	55	55
Trade payables turnover (days) ⁽²⁾	25	31	35
Inventory turnover (days) ⁽³⁾	159	149	184
Current ratio (times) ⁽⁴⁾	1.47	1.25	1.40
Gearing ratio (times) ⁽⁵⁾	0.98	1.44	1.15

Notes:

- (1) Computed based on the average trade receivables as at year end over revenue for the respective years, multiplied by 365/366 days for each financial year.
- (2) Computed based on the average trade payables as at year end over cost of sales for the respective years, multiplied by 365/366 days for each financial year.
- (3) Computed based on the average inventory as at year end over cost of sales for the respective years, multiplied by 365/366 days for each financial year.
- (4) Computed based on current assets over current liabilities as at the end of each financial year.
- (5) Computed based on total borrowings over total equity as at the end of each financial year.

11.4.1 Trade receivables turnover

Our average trade receivables turnover (days) for the Period Under Review is stated as below:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Opening trade receivables	42,430	32,166	34,462
Closing trade receivables	32,166	34,462	36,150
Average trade receivables	37,298	33,314	35,306
Revenue	130,864	222,435	236,231
Trade receivables turnover (days)	104	55	55

The normal credit period offered by our Group in respect of our trade receivables is between 30 and 90 days from the date of invoice on a case-by-case basis by taking into consideration various factors such as our business relationship with our customers and the credit history of the customers while new customers are subject to our credit verification and assessment process. Other credit terms can sometimes be negotiated (such as for new customers or large orders) upon the request of our customer. Such terms would be assessed and approved on a case-by-case basis. All of our outstanding trade receivables are closely monitored by our finance department.

11. FINANCIAL INFORMATION (cont'd)

Our Group established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. A significant portion of trade receivables represent regular customers of our Group. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

Our average trade receivables turnover period for FYE 2020, 2021, and 2022 was 104 days, 55 days, and 55 days respectively. The higher trade receivables turnover period for FYE 2020 was mainly attributable to the MCO implemented by the Government of Malaysia, which encouraged companies to adopt the work-from-home practice, resulting in our customers requiring an extended period to process the submitted invoices.

The trade receivables turnover period decreased to 55 days for FYE 2021, resulting from the relaxation of the MCO. The customers had returned to the offices, allowing them to expedite the processing of the invoices submitted. The Group's trade receivables turnover period has remained consistent at 55 days for FYE 2021 and FYE 2022, which was within the normal credit period.

Our trade receivables turnover period remained consistent at 55 days for FYE 2021 and FYE 2022.

The ageing analysis of our trade receivables as at 31 December 2022 is as follows:

	Within normal credit period	Exceeding credit period (days past due)					Total
		0 – 90 days	1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
Trade receivables (RM'000)	22,324	1,171	3,983	2,784	10,305	40,567	
Impairment loss (RM'000)	(168)	(44)	(219)	(239)	(3,747)	(4,417)	
Net trade receivables (RM'000)	22,156	1,127	3,764	2,545	6,558	36,150	
Percentage of total trade receivables (%)	61.3	3.1	10.4	7.1	18.1	100.0	
Subsequent collections up to the LPD (RM'000)	21,104	1,127	3,247	2,150	5,445	33,073	
Trade receivables net of subsequent collections (RM'000)	1,052	-	517	395	1,113	3,077	
Percentage of total trade receivables net of subsequent collections (%)	34.2	-	16.8	12.8	36.2	100.0	

11. FINANCIAL INFORMATION (cont'd)

As at 31 December 2022, our Group's trade receivables amounted to approximately RM36.2 million, of which RM14.0 million or 38.7% of our trade receivables exceeded the normal credit period. Subsequent to 31 December 2022 and up to LPD, we have collected RM33.1 million, representing 91.4% of the total trade receivables as at 31 December 2022.

As at the LPD, we have outstanding receivables of RM3.1 million, representing 8.6% of our trade receivables as at 31 December 2022. The outstanding amount comprises mainly the following:

- (c) RM1.1 million receivables that are pending the finalisation of the quantities of equipment for rent returned from the customers, of which a total deposit of RM0.7 million from the customers will be offset against the outstanding balances; and
- (d) RM2.0 million receivables in which our Group are of the view that the said amount is collectible considering the follow-up and reminders to our customers.

Our customers have generally been paying within the credit period granted. Saved as disclosed in Section 11.3.5 of this Prospectus, our Group has not encountered any major disputes with our trade receivables. Our net impairment loss on trade receivables for the Period Under Review are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Loss allowance recognised in profit or loss ⁽¹⁾	629	2,875	1,728
Loss allowance no longer required	(40)	(10)	(617)
Bad debts written off	27	1,793	145
Bad debts recovered	(18)	(13)	(177)

Note:

- (1) Comprise the recognition of impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime ECL from initial recognition.

11.4.2 Trade payables turnover

Our average trade payables turnover (days) for the Period Under Review is as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Opening trade payables	10,204	4,277	24,323
Closing trade payables	4,277	24,323	10,553
Average trade payables	7,241	14,300	17,438
Cost of sales	105,607	170,267	179,781
Average trade payables turnover (days)	25	31	35

Trade payables comprise mainly amounts outstanding for the purchase of steel coils. The credit terms granted to our Group for trade purchases ranged from 30 to 120 days. To maintain good relationships with our suppliers, we will pay the suppliers as the payments fall due.

11. FINANCIAL INFORMATION (cont'd)

Our trade payables turnover period for FYE 2020, 2021 and 2022 was 25 days, 31 days, and 35 days respectively, which were within the normal credit terms granted by our suppliers.

The ageing analysis of our trade payables as at 31 December 2022 is as follows:

	Within normal credit period	Exceeding credit period (days past due)				Total
	0 – 120 days	1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
Trade payables (RM'000)	4,105	148	889	483	4,928	10,553
Percentage of total trade payables (%)	38.9	1.4	8.4	4.6	46.7	100.0
Subsequent payments up to the LPD (RM'000)	4,105	148	889	483	3,582	9,207
Trade payables net of subsequent payments (RM'000)	-	-	-	-	1,346	1,346
Percentage of total trade payables net of subsequent payments (%)	-	-	-	-	100.0	100.0

As at 31 December 2022, our total trade payables stood at RM10.6 million, with RM6.4 million or 61.1% of our trade payables exceeding the normal credit period. Subsequent to 31 December 2022 and up to LPD, we have paid RM9.2 million, representing 87.2% of the total trade payable as at 31 December 2022.

As at the LPD, we have outstanding trade payables of RM1.3 million, representing 12.8% of our trade payables as at 31 December 2022. The outstanding amount comprises mainly RM1.2 million owing to a trade creditor of which our Group is in the midst of arranging a settlement arrangement to settle the outstanding balance.

As at LPD, we do not have any disputes in respect of our trade payables and there are no legal proceedings initiated to demand payment from us.

11. FINANCIAL INFORMATION (cont'd)**11.4.3 Inventory turnover**

Our inventories comprise mainly the raw materials and work-in-progress steel coils as well as finished goods for our roofing sheets and trusses, industrial racking systems, welded pipes and supply of scaffoldings. Our average inventory turnover (days) for the Period Under Review is set out below:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Opening inventories			
- Raw materials	26,689	16,921	47,735
- Work-in-progress	6,267	7,087	23,504
- Finished goods	15,128	19,783	23,766
	<u>48,084</u>	<u>43,791</u>	<u>95,005</u>
Closing inventories			
- Raw materials	16,921	47,735	49,443
- Work-in-progress	7,087	23,504	15,294
- Finished goods	19,783	23,766	21,490
	<u>43,791</u>	<u>95,005</u>	<u>86,227</u>
Average inventories			
- Raw materials	21,805	32,328	48,589
- Work-in-progress	6,677	15,296	19,399
- Finished goods	17,456	21,775	22,628
	<u>45,938</u>	<u>69,398</u>	<u>90,616</u>
Cost of sales	105,607	170,267	179,781
Average inventory turnover (days)			
- Raw materials	76	69	99
- Work-in-progress	23	33	39
- Finished goods	60	47	46
	<u>159</u>	<u>149</u>	<u>184</u>

The inventories consist of raw materials, work-in-progress, and finished goods. As most of the raw materials (i.e. steel coils) require a delivery lead time of 6 to 8 weeks upon the order being placed, we maintain a stock holding policy for raw materials of at least 8 to 12 weeks. The average inventory turnover for FYE 2020, 2021 and 2022 was 159 days, 149 days, and 184 days, respectively.

Our inventory turnover period decreased from 159 days for FYE 2020 to 149 days for FYE 2021, mainly attributable to the improvement in our order fulfilment for our roofing sheets whereby the Group was able to fulfil the orders received at a shorter turnaround period as a result of more machines deployed for the production. In addition, the rising trend of steel prices throughout FYE 2021 has led to a significant increase in the cost of sales of 61.2% for FYE 2021, which is higher than the increase in average inventories of 51.1%, thus leading to the decrease in inventory turnover period.

Our inventory turnover period for FYE 2022 increased to 184 days, mainly contributed by the higher average inventories for FYE 2022 due to higher opening inventories as we purchase more raw materials towards end of FYE 2021 anticipating higher demands from our customers. In addition, there was also a postponement in the production of industrial racking systems for our US customer, which was pending the settlement of outstanding balances before the fulfilment of the outstanding purchase orders. The purchase orders had been received during FYE 2021 which was scheduled to be fulfilled progressively during FYE 2022. However, due to the postponement in the production of industrial racking systems, the inventories amounted to

11. FINANCIAL INFORMATION (cont'd)

RM9.4 million remained as closing inventories as at 31 December 2022. The raw materials for these purchase orders were purchased during the second half of FYE 2021. Upon settlement of the outstanding balances, the said outstanding purchase orders for industrial racking systems have been fulfilled in the first quarter of 2023. The higher closing inventory from raw materials for FYE 2022 was due to the purchase of more raw materials towards the end of FYE 2022 in anticipation of higher demand from our customers.

We review our inventories on a product-by-product and ageing basis during periodic stock count and we make allowance for damaged, obsolete and slow-moving inventories, when necessary. Management estimates the net realisable value for such inventory items based primarily on the current market conditions.

During the Period Under Review and up to LPD, our Group do not have any inventories written down and provision for obsolescence.

11.4.4 Current ratio

Our current ratio throughout the Period Under Review is as follows:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Current assets	93,538	176,109	149,634
Current liabilities	63,737	140,814	106,756
Net current assets	29,801	35,295	42,878
Current ratio (times)	1.47	1.25	1.40

Our current ratio ranges from 1.25 times to 1.47 times for the Period Under Review. This indicates that our Group can meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our fixed deposits and bank balances, are enough to meet immediate current liabilities.

11.4.5 Gearing ratio

Our gearing ratio throughout the Period Under Review is as follows:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	81,662	153,226	136,222
Total equity	83,443	106,306	118,682
Gearing ratio (times)	0.98	1.44	1.15

Note:

- (1) Computed based on total interest-bearing borrowings over total equity as at the end of each financial year.

Our gearing ratio ranges from 0.98 times to 1.44 times throughout the Period Under Review.

11. FINANCIAL INFORMATION (cont'd)

We recorded a higher gearing ratio of 1.44 times as at 31 December 2021 as compared to 0.98 times as at 31 December 2022 mainly due to higher outstanding bankers' acceptances as at 31 December 2021 as a result of higher purchases of raw materials in anticipation of the higher sales volume in early FYE 2022.

Our gearing ratio decreased to 1.15 times as at 31 December 2022 mainly due to repayments of borrowings coupled with the improved total equity arising from the profit generated during FYE 2022.

11.5 TREND INFORMATION

Based on our track record for the Period Under Review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (a) during the Period Under Review, our manufacture of sheet metal products and supply of scaffoldings segments have been the main revenue contributors for our business. We expect that these two segments will continue contributing significantly to our revenue in the future;
- (b) during the Period Under Review, our revenue is derived from both local and export sales. We expect this trend to continue in the future;
- (c) the main components of our cost of sales are materials costs. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue levels. Our cost of sales is dependent on amongst others, the availability and price fluctuation of raw materials; and
- (d) we achieved a GP margin of 19.3%, 23.5% and 23.9% for FYE 2020, FYE 2021 and FYE 2022, respectively. We expect to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently.

As at LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, other than those discussed in this section, Sections 6 and 8 of this Prospectus;
- (b) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in this section, Sections 6 and 8 of this Prospectus;
- (c) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in this section, Sections 8 and 12 of this Prospectus;
- (d) material commitments for capital expenditure as set out in Section 11.3.4 of this Prospectus; and
- (e) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 6.5.15 of this Prospectus.

11. FINANCIAL INFORMATION (cont'd)

Our Board is optimistic about the future prospects of our Group given the positive outlook of the sheet metal products industry as set out in the Industry Overview in Section 7 of this Prospectus, our Group's competitive strengths as set out in Section 6.5.6 of this Prospectus and our business strategies and plans as set out in Section 6.6 of this Prospectus.

11.6 ORDER BOOK

Our revenue for roofing sheets, roof trusses, industrial racking systems, welded pipes, sales of scaffoldings and trading of steel materials and steel related products are generated by way of purchase orders from our customers on an ongoing basis.

Commonly, we deliver the roofing sheets and trusses, and welded pipes within the next business day from the receipt of purchase order. As our industrial racking systems are manufactured upon the receipt of purchase orders, the finished products will be delivered to our customers between 4 to 8 weeks depending on the size of the purchase order, from the receipt of purchase orders.

Only for roof trusses under projects, we will enter into a contractual agreement with some of our customers where our customer will issue a letter of award or work order to us for the supply and installation of roof trusses. Typically, the contract period ranges from 6 months to 9 months. However, in some cases, we have contracts for up to 2 years.

For rental of scaffoldings, we will enter into a rental agreement with our customers commonly with a minimum rental period of 3 months. The rental period may be extended upon expiry and there is no maximum rental period.

As at the LPD, our total secured order for roof trusses amounted to RM6.3 million as summarised below:

Total secured orders	Total secured orders up to the LPD	Revenue recognition			
		Up to the LPD	Post LPD to December 2023	FYE 2024	FYE 2025
	RM'million	RM'million	RM'million	RM'million	RM'million
Roof trusses under projects	6.3	-	3.8	2.5	-

11.7 DIVIDENDS

As our Company is an investment holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require their financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments 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. Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities, including companies with trading of shares as their principal activity). No withholding tax is imposed on the above transactions.

11. FINANCIAL INFORMATION (cont'd)

During the Period Under Review and up to LPD, we have declared and paid the following dividend:

	<u>FYE 2020</u> <u>RM'000</u>	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>	<u>Up to LPD</u> <u>RM'000</u>
Dividends declared and paid	220	1,600	11,135	3,000

All dividends were paid using internally generated funds and our Group confirms that there will be no further dividends to be declared/paid up to the completion of our Listing. Our Board does not foresee that dividends paid during the Period Under Review would affect the execution and implementation of our future plans or business strategies moving forward.

11.8 SIGNIFICANT CHANGES

Saved as disclosed below, there are no other significant changes since FYE 2022, being our most recent financial statements, which may have a material effect on the financial position and results of our Group:

- (a) On 8 June 2023, BWYSSB declared a single-tier interim dividend of RM3 per ordinary share amounting to RM3,000,000 in respect of the financial year ending 31 December 2023, which was paid on 16 June 2023. The said dividend was accounted for in equity as an appropriation of retained earnings of BWYSSB in FYE 2023;
- (b) On 14 August 2023, the issued and fully paid-up share capital of BW Scaffold increased from RM2,488,000 to RM4,706,497 following the completion of the Capitalisation in BW Scaffold;
- (c) On 14 August 2023, the issued and fully paid-up share capital of BWYS Steel increased from RM2,000,000 to RM13,082,073 following the completion of the Capitalisation in BWYS Steel; and
- (d) On 14 August 2023, the issued and fully paid-up share capital of YS Success increased from RM2,000,000 to RM11,068,890 following the completion of the Capitalisation in YS Success.

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11. FINANCIAL INFORMATION (cont'd)

11.9 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 July 2023 and after adjusting for the effects of the other material transactions, Capitalisations, Acquisitions and IPO.

	<u>Unaudited</u>	<u>I</u>	<u>II</u>
	<u>As at 31 July 2023</u>	<u>Upon completion of the other material transactions, Capitalisations and Acquisitions</u>	<u>After I and IPO</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Capitalisation			
Invested equity/Share capital	7,988	146,093	[•]
Total capitalisation	7,988	146,093	[•]
Indebtedness			
<u>Current</u>			
<u>Secured and guaranteed</u>			
Bank overdrafts	4,814	4,814	4,814
Bankers' acceptances	81,623	81,623	81,623
Revolving credit	1,000	1,000	1,000
Term loans	4,636	4,636	4,636
Lease liabilities owing to financial institutions	1,710	1,710	1,710
<u>Unsecured</u>			
Lease liabilities owing to non-financial institutions	903	903	903
<u>Non-current</u>			
<u>Secured and guaranteed</u>			
Term loans	60,053	60,053	[•]
Lease liabilities owing to financial institutions	3,486	3,486	3,486
<u>Unsecured</u>			
Lease liabilities owing to non-financial institutions	761	761	761
Total indebtedness	158,986	158,986	[•]
Total capitalisation and indebtedness	166,974	305,079	[•]
Gearing ratio (times)⁽¹⁾	19.90	1.09	[•]

Notes:

(1) Calculated based on total indebtedness divided by total capitalisation.

12. ACCOUNTANTS' REPORT



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10050 Penang
Malaysia
SST No: P11-1809-32000112

The Board of Directors
BWYS Group Berhad
Lot 1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12
14200 Sungai Bakap
Pulau Pinang

Date: 29 September 2023

Our ref: KTH/CMY/tchwa

Dear Sir/Madam

Reporting Accountants' Opinion on the Combined Financial Information Contained in the Accountants' Report ("this report") of BWYS Group Berhad ("BWYS" or "the Company")

Opinion

We have audited the combined financial information of BWYS and its combining entities as defined in Note 2 (collectively referred to as the "Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 of the Group, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Combined Financial Statements").

The combined financial statements have been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is given for the purposes of complying with the ACE Market Listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad, the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022, and of their financial performance and their cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. ACCOUNTANTS' REPORT (*cont'd*)



Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors’ Responsibility for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements that gives a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants’ Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

12. ACCOUNTANTS' REPORT (cont'd)



Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report has been prepared solely to comply with the Listing Requirements and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. As such, this report should not be used for any other purpose without our prior written consent. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Koay Theam Hock
02141/04/2025 J
Chartered Accountant

Penang
Dated: 29 September 2023

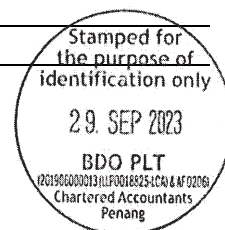
12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT**COMBINED STATEMENTS OF FINANCIAL POSITION**

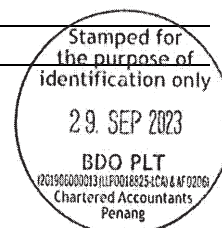
The audited combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	6	79,797	123,595	130,293
Right-of-use assets	7	14,928	16,486	18,830
Other investments	8	10,154	10,263	-
		<u>104,879</u>	<u>150,344</u>	<u>149,123</u>
Current assets				
Inventories	9	43,791	95,005	86,227
Trade and other receivables	10	43,463	56,212	45,495
Current tax assets		635	1,044	3,085
Cash and bank balances	11	5,649	23,848	14,827
		<u>93,538</u>	<u>176,109</u>	<u>149,634</u>
TOTAL ASSETS		<u>198,417</u>	<u>326,453</u>	<u>298,757</u>
EQUITY AND LIABILITIES				
Equity attributable to the common controlling shareholders of the Group				
Invested equity	12	7,988	7,988	7,988
Reserves	13	75,106	98,318	110,694
		<u>83,094</u>	<u>106,306</u>	<u>118,682</u>
Non-controlling interests		349	-	-
TOTAL EQUITY		<u>83,443</u>	<u>106,306</u>	<u>118,682</u>
LIABILITIES				
Non-current liabilities				
Other payables	14	4,069	4,069	-
Borrowings	15	42,893	69,136	63,228
Lease liabilities	7	3,079	3,665	4,707
Deferred tax liabilities	16	1,196	2,463	5,384
		<u>51,237</u>	<u>79,333</u>	<u>73,319</u>
Current liabilities				
Trade and other payables	14	28,026	58,767	34,593
Borrowings	15	34,563	78,904	65,886
Lease liabilities	7	1,127	1,521	2,401
Provision	17	-	1,474	1,474
Current tax liabilities		21	148	2,402
		<u>63,737</u>	<u>140,814</u>	<u>106,756</u>
TOTAL LIABILITIES		<u>114,974</u>	<u>220,147</u>	<u>180,075</u>
TOTAL EQUITY AND LIABILITIES		<u>198,417</u>	<u>326,453</u>	<u>298,757</u>



12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

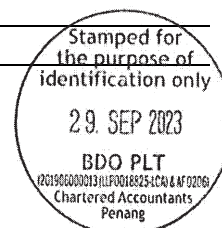
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	18	130,864	222,435	236,231
Cost of sales		(105,607)	(170,267)	(179,781)
Gross profit		25,257	52,168	56,450
Other operating income		2,763	9,060	13,181
Impairment losses on trade and other receivables, net	10	(589)	(2,865)	(1,111)
Administrative and distribution expenses		(17,864)	(24,330)	(29,589)
Finance costs	19	(4,266)	(4,431)	(5,478)
Profit before tax		5,301	29,602	33,453
Tax expense	21	(1,990)	(4,763)	(9,942)
Profit for the financial years		3,311	24,839	23,511
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the financial years		3,311	24,839	23,511
Profit attributable to common controlling shareholders of the Group		3,421	24,839	23,511
Non-controlling interests		(110)	-	-
		3,311	24,839	23,511
Total comprehensive income, attributable to common controlling shareholders of the Group		3,421	24,839	23,511
Non-controlling interests		(110)	-	-
		3,311	24,839	23,511
Earnings per ordinary share attributable to common controlling shareholders of the Group				
Basic and diluted (sen)	22	0.3	2.4	2.3

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	Invested equity RM'000	Retained earnings RM'000	Total attributable to common controlling shareholders of the Group RM'000	Non-controlling interests RM'000	Total Equity RM'000
Balance as at 1 January 2020		7,988	71,685	79,673	679	80,352
Profit for the financial year		-	3,421	3,421	(110)	3,311
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	3,421	3,421	(110)	3,311
Transaction with common controlling shareholders and NCI:						
Dividend paid to non-controlling interests ("NCI")		-	-	-	(220)	(220)
Balance as at 31 December 2020		<u>7,988</u>	<u>75,106</u>	<u>83,094</u>	<u>349</u>	<u>83,443</u>
Balance as at 1 January 2021		7,988	75,106	83,094	349	83,443
Profit for the financial year		-	24,839	24,839	-	24,839
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	24,839	24,839	-	24,839
Transaction with common controlling shareholders and NCI:						
Dividend	23	-	(1,600)	(1,600)	-	(1,600)
Acquisition of shares from non-controlling interests		-	(27)	(27)	(349)	(376)
Balance as at 31 December 2021		<u>7,988</u>	<u>98,318</u>	<u>106,306</u>	<u>-</u>	<u>106,306</u>

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

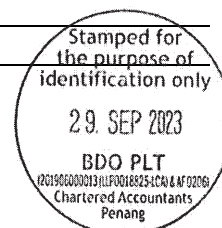


The audited combined statements of changes in equity for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

	Note	Invested equity RM'000	Retained earnings RM'000	Total attributable to common controlling shareholders of the Group RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2022		7,988	98,318	106,306	-	106,306
Profit for the financial year		-	23,511	23,511	-	23,511
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	23,511	23,511	-	23,511
Transaction with common controlling shareholders:						
Dividend	23	-	(11,135)	(11,135)	-	(11,135)
Balance as at 31 December 2022		7,988	110,694	118,682	-	118,682

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	Note	2020 RM'000	2021 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		5,301	29,602	33,453
Adjustments for:				
Bad debts written off		27	1,793	145
Bad debts recovered		(18)	(13)	(177)
Depreciation of:				
- property, plant and equipment	6	4,431	5,446	6,621
- right-of-use assets	7	1,071	1,191	1,952
Dividend income from other investments		-	(6,890)	-
Impairment loss on:				
- other investments		69	-	-
- trade and other receivables	10	629	2,875	1,728
Interest expenses	19	4,266	4,431	5,478
Interest income		(681)	(295)	(443)
Gain on lease termination	7(a)	*	(2)	(22)
Gain on disposal of other investments		-	-	(1,287)
Gain on disposal of property, plant and equipment		(360)	(19)	(4,290)
Reversal of impairment losses on trade and other receivables	10	(40)	(10)	(617)
Unrealised loss on foreign exchange		26	192	464
Provision for legal claims	17	-	1,474	-
Waiver of debts		-	-	(3,189)
Written off of property, plant and equipment	6	1,429	636	1,464
Operating profit before changes in working capital		16,150	40,411	41,280
Decrease/(Increase) in inventories		393	(51,213)	(4,744)
Decrease/(Increase) in trade and other receivables		101	(17,398)	9,630
(Decrease)/Increase in trade and other payables		(6,546)	36,143	(23,699)
Cash generated from operations		10,098	7,943	22,467
Tax paid		(2,000)	(3,778)	(6,810)
Tax refunded		-	-	1
Net cash from operating activities		8,098	4,165	15,658

12. ACCOUNTANTS' REPORT (cont'd)

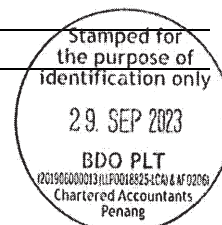
BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (continued)

The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

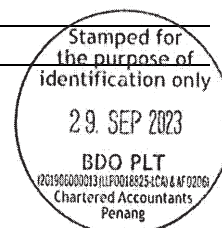
	Note	2020 RM'000	2021 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition in other investments	8	-	(109)	-
Acquisition of shares from non-controlling interests	5	-	(376)	-
Dividend received from other investments		-	6,890	-
Interest received		681	295	443
Purchase of:				
- property, plant and equipment	6	(6,408)	(20,490)	(3,892)
- right-of-use assets	7(d)	(246)	(509)	(380)
Proceeds from disposal of:				
- other investments		-	-	11,550
- property, plant and equipment		1,823	379	7,022
- right-of-use assets		207	-	-
Net cash (used in)/from investing activities		(3,943)	(13,920)	14,743
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid				
- common controlling shareholders	23	-	(1,600)	(11,135)
- non-controlling interests		(220)	-	-
Drawdown of:				
- bankers' acceptances		85,354	162,613	181,789
- revolving credit		-	1,000	-
- term loans		8,000	-	-
Interest paid		(4,082)	(4,113)	(5,101)
Repayment of:				
- bankers' acceptances		(92,899)	(118,812)	(196,463)
- revolving credit		(1,000)	-	-
- term loans		(4,226)	(2,216)	(6,050)
- lease liabilities	7	(967)	(1,576)	(2,450)
Repayment to related parties		(331)	(5,591)	(1,810)
Net changes in deposits with licensed banks		3,569	(3,742)	(3,126)
Net cash (used in)/from financing activities		(6,802)	25,963	(44,346)
Net changes in cash and cash equivalents		(2,647)	16,208	(13,945)
Effects of exchange rate changes on cash and cash equivalents		(10)	*	*
Cash and cash equivalents at beginning of financial years		2,801	144	16,352
Cash and cash equivalents at end of financial years	11(f)	144	16,352	2,407

* Less than RM1,000



12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (continued)

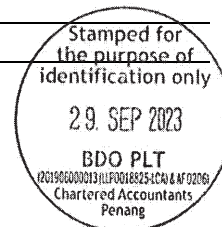
The audited combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below (continued):

Reconciliation of Liabilities Arising from Financing Activities

	Lease liabilities (Note 7) RM'000	Amount owing to related parties (Note 14) RM'000	Borrowings (excluded bank overdraft) (Note 15) RM'000
Balance as at 1 January 2020	2,378	7,732	78,748
Cash flows	(967)	(331)	(4,771)
Non-cash flows:			
Additions	2,630	-	-
Lease termination	(19)	-	-
Unwinding of interest (Note 7)	184	-	-
Balance as at 31 December 2020	<u>4,206</u>	<u>7,401</u>	<u>73,977</u>
Balance as at 1 January 2021	4,206	7,401	73,977
Cash flows	(1,576)	(5,591)	42,585
Non-cash flows:			
Additions	2,295	-	29,750
Lease termination	(57)	-	-
Unwinding of interest (Note 7)	318	-	-
Balance as at 31 December 2021	<u>5,186</u>	<u>1,810</u>	<u>146,312</u>
Balance as at 1 January 2022	5,186	1,810	146,312
Cash flows	(2,450)	(1,810)	(20,724)
Non-cash flows:			
Additions	4,233	-	-
Lease termination	(238)	-	-
Unwinding of interest (Note 7)	377	-	-
Balance as at 31 December 2022	<u>7,108</u>	<u>-</u>	<u>125,588</u>

12. ACCOUNTANTS' REPORT (cont'd)

BWYS GROUP BERHAD
(Incorporated in Malaysia)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company was incorporated in Malaysia under the Companies Act 2016 on 4 January 2023 as a public limited liability company.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at Lot 1571, Jalan Serunai, Kawasan Perindustrian Valdor, Mukim 12, 14200 Sungai Bakap, Pulau Pinang.

These combined financial statements for the financial years ended are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The Company is an investment holding company. The principal activities of the combining entities are set out in Note 5 to the combined financial statements.

2. BASIS OF PREPARATION

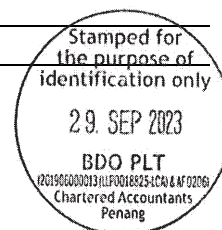
The combined financial statements have been prepared pursuant to the listing exercise of the Company on the ACE Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing").

The combined financial statements consist of the financial statements of the Company and its combining entities as disclosed in Note 5 to the combined financial statements, which were under common control of Kang Beng Hai throughout the reporting periods. The common control of the Group has been established by virtue of Kang Beng Hai being the Director, major shareholder and promoter of the Group.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group, after incorporating/effecting the relevant acquisitions. Consequently, such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the combining entities.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****2. BASIS OF PREPARATION (continued)**

The financial statements for the financial year ended 31 December 2020 of all combining entities and the financial statements for the financial year ended 31 December 2021 of BWYS Sdn. Bhd. were re-audited by BDO PLT for the purpose of inclusion in the prospectus in connection with the Listing and should not be relied upon for any other purpose.

The combined financial statements of the Group are prepared using the audited financial statements of the respective companies within the Group for the relevant financial years and their auditors are as follows:

Company	Relevant Financial Years	Auditors
BW Yee Seng Steel Industries Sdn. Bhd.	Financial year ended ("FYE") 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BW Yee Seng (Timur) Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BW Scaffold Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
BWYS Sdn. Bhd.*	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT KFF PLT BDO PLT
YS Success Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT
YS Global Industries Sdn. Bhd.	FYE 31 December 2020 FYE 31 December 2021 FYE 31 December 2022	KFF PLT BDO PLT BDO PLT

* Formerly known as YHTJ Services Sdn. Bhd. and BWYS Services Sdn. Bhd.

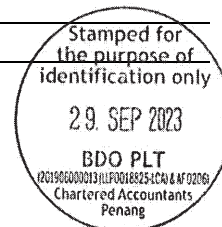
There were no audited financial statements for BWYS Group Berhad for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as the Company was incorporated on 4 January 2023.

The audited financial statements of all the companies within the Group for the Relevant Financial Years reported above were not subject to any qualification, modification or disclaimer.

The financial information of this Report is based on the respective audited financial statements of the Group with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined financial statements, have been extracted from the audited financial statements of the Group during the relevant reporting periods.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The combined financial statements have been prepared under the historical cost convention except as otherwise stated in the combined financial statements.

The preparation of the combined financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from these estimates.

3.2 Basis of combination

The combined financial statements consist of the financial statements of the Company and the combining entities which are under common control as disclosed in Note 5 to the combined financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

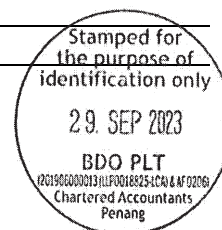
Intragroup balances, transactions, income and expenses are eliminated on consolidation. The combined financial statements reflect external transactions only.

3.2.1 Business combinations under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the merger entities are reflected at their carrying amounts reported in the individual combined financial statements.

In a business combination under common control, any differences between the cost of the merger and the share capital of the 'acquired' entity are reflected within equity as reorganisation debit reserve.

The combined statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full financial period and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.2.2 Business combinations not under common control**

Business combinations not under common control are accounted for applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

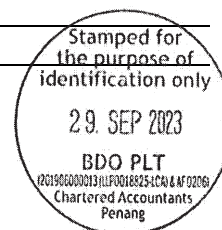
- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 *Financial Instruments* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation periods used are as follows:

Buildings	50 - 69 years
Plant and machinery	5 - 10 years
Motor vehicles	5 - 10 years
Furniture, fittings and office equipment	2 - 12 years
Electrical fittings, equipment and renovation	8 - 10 years
Equipment for rent	10 years

Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents building under construction and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.6 to the combined financial statements on impairment of non-financial assets).

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

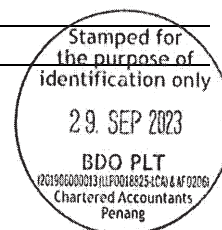
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

3.4 Right-of-use assets and lease liabilities

The Group as lessor

The Group classified its leases as either operating leases or finance leases. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Right-of-use assets and lease liabilities (continued)

The Group as lessor (continued)

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) Period covered by an option to the extend the lease if the lease is reasonably certain to exercise that options; and
- (b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create economic incentive for the lessee to exercise the option to extend the lease, not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

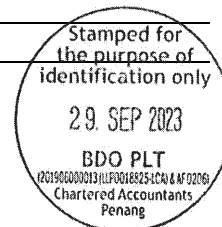
The right-of-use assets are initially recorded at cost, which comprises:

- (i) The amount of the initial measurement of the lease liability;
- (ii) Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (iii) Any initial direct costs incurred by the Group; and
- (iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	50 - 69 years
Motor vehicles	5 years
Plant and machinery	5 - 10 years
Premises	2 - 5 years

12. ACCOUNTANTS' REPORT (cont'd)
**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**
3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.4 Right-of-use assets and lease liabilities (continued)*****Lease liability***

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.5 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

3.6 Impairment of non-financial assets

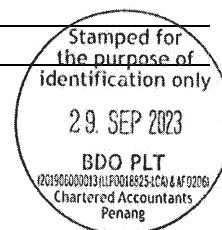
The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

12. ACCOUNTANTS' REPORT (cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment of non-financial assets (continued)

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

3.7 Inventories

Inventories are determined using first-in, first-out method and stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.8 Financial instruments

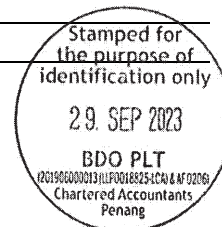
A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the combined statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (“FVTPL”), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (“FVTOCI”), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms of financial assets which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

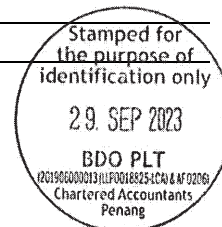
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3.9 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The Group recognises allowance for impairment losses for other receivables based on the three-stage general approach within MFRS 9 using the forward-looking expected credit loss model.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of financial assets (continued)

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

3.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the combined statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

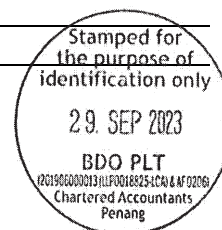
(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) The same taxable entity; or
- (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

3.12 Provisions

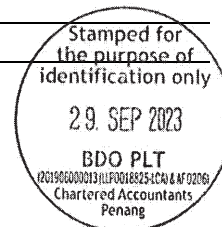
Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.14 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

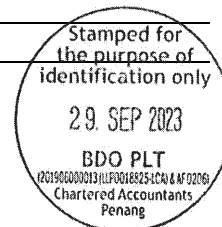
Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

(a) Sale of goods

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue at the point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

(b) Rental of equipment

Rental income from equipment for rent are recognised on a straight-line basis over the term of lease.

(c) Other income

(i) Interest income

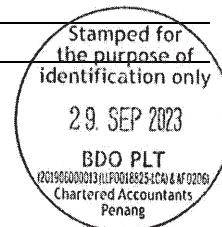
Interest income is recognised as it accrues, using the effective interest method.

(ii) Dividend income

Dividend income is recognised when right to receive payment is established.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

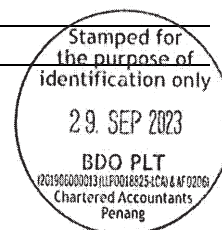
The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) The combined reported profit of all operating segments that did not report a loss; and
 - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

12. ACCOUNTANTS' REPORT (cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Earnings per share

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the Group by the expected number of ordinary shares of the Company upon completion of the Listing.

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon completion of the Listing, adjusted for the effects of dilutive potential ordinary shares.

3.18 Fair value measurements

The fair value of an asset or a liability (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

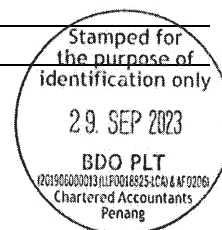
4.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

4.2 Critical judgements made in applying accounting policies

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**4.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables

The Group exercises significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

5. COMBINING ENTITIES

Name of combining entities	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2020 %	2021 %	2022 %	
BW Yee Seng Steel Industries Sdn. Bhd. ("BWYS Steel")	Malaysia	100	100	100	Manufacture of sheet metal products, and trading of steel materials and steel related products
BW Scaffold Industries Sdn. Bhd. ("BW Scaffold")	Malaysia	100	100	100	Sales and rental of scaffoldings
BW Yee Seng (Timur) Sdn. Bhd. ("BWYS Timur")	Malaysia	100	100	100	Manufacture of sheet metal products, and trading of steel materials and steel related products
BWYS Sdn. Bhd. ("BWYSSB")	Malaysia	100	100	100	Rental of scaffoldings
YS Success Industries Sdn. Bhd. ("YS Success")	Malaysia	100	100	100	Manufacture of industrial racking systems and welded pipes, and trading of steel materials and steel related products
YS Global Industries Sdn. Bhd. * ("YS Global")	Malaysia	80	100	100	Manufacture of industrial racking systems

* *Subsidiary of YS Success*

On 31 March 2021, YS Success had completed the acquisition of remaining 20% equity interest in YS Global Industries Sdn. Bhd. ("YS Global") for a total consideration of RM375,834 by cash. Accordingly, YS Global became a wholly-owned subsidiary of YS Success.

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

6. PROPERTY, PLANT AND EQUIPMENT



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2020									
At cost									
Balance as at 1 January	14,456	43,139	15,839	3,516	3,394	1,739	12,749	372	95,204
Additions	-	1,138	981	311	138	290	3,550	-	6,408
Transfer from right-of-use assets (Note 7)	-	-	1,421	-	-	-	-	-	1,421
Transfer from inventories	-	-	-	-	-	-	3,663	-	3,663
Disposals	-	-	-	(569)	(4)	-	(1,473)	-	(2,046)
Written off	-	-	(8)	-	-	-	(2,127)	-	(2,135)
Balance as at 31 December	14,456	44,277	18,233	3,258	3,528	2,029	16,362	372	102,515
Accumulated depreciation									
Balance as at 1 January	-	3,082	8,708	2,768	2,268	772	1,413	-	19,011
Current charge	-	775	1,497	287	258	184	1,430	-	4,431
Transfer from right-of-use assets (Note 7)	-	-	565	-	-	-	-	-	565
Disposals	-	-	-	(434)	(2)	-	(147)	-	(583)
Written off	-	-	(3)	-	-	-	(703)	-	(706)
Balance as at 31 December	-	3,857	10,767	2,621	2,524	956	1,993	-	22,718
Carrying amount									
Balance as at 31 December	14,456	40,420	7,466	637	1,004	1,073	14,369	372	79,797

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

6. PROPERTY, PLANT AND EQUIPMENT (continued)



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2021									
At cost									
Balance as at 1 January	14,456	44,277	18,233	3,258	3,528	2,029	16,362	372	102,515
Additions	16,500	19,841	4,406	1,012	462	826	6,090	1,103	50,240
Disposals	-	-	(299)	(349)	(13)	-	-	-	(661)
Written off	-	-	-	-	-	-	(772)	-	(772)
Balance as at 31 December	30,956	64,118	22,340	3,921	3,977	2,855	21,680	1,475	151,322
Accumulated depreciation									
Balance as at 1 January	-	3,857	10,767	2,621	2,524	956	1,993	-	22,718
Current charge	-	960	1,787	242	284	239	1,934	-	5,446
Disposals	-	-	-	(297)	(4)	-	-	-	(301)
Written off	-	-	-	-	-	-	(136)	-	(136)
Balance as at 31 December	-	4,817	12,554	2,566	2,804	1,195	3,791	-	27,727
Carrying amount									
Balance as at 31 December	30,956	59,301	9,786	1,355	1,173	1,660	17,889	1,475	123,595

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

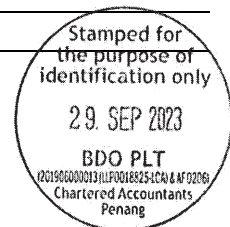
6. PROPERTY, PLANT AND EQUIPMENT (continued)



	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical fittings, equipment and renovation RM'000	Equipment for rent RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2022									
At cost									
Balance as at 1 January	30,956	64,118	22,340	3,921	3,977	2,855	21,680	1,475	151,322
Additions	-	485	1,278	-	437	744	797	151	3,892
Transfer from right-of-use assets (Note 7)	-	-	-	537	-	-	-	-	537
Transfer from inventories	-	-	-	-	-	-	13,522	-	13,522
Disposals	-	-	(88)	(332)	-	-	(4,108)	-	(4,528)
Written off	-	-	-	-	-	-	(2,287)	-	(2,287)
Balance as at 31 December	30,956	64,603	23,530	4,126	4,414	3,599	29,604	1,626	162,458
Accumulated depreciation									
Balance as at 1 January	-	4,817	12,554	2,566	2,804	1,195	3,791	-	27,727
Current charge	-	1,173	1,917	266	321	281	2,663	-	6,621
Transfer from right-of-use assets (Note 7)	-	-	-	436	-	-	-	-	436
Disposals	-	-	(10)	(180)	-	-	(1,606)	-	(1,796)
Written off	-	-	-	-	-	-	(823)	-	(823)
Balance as at 31 December	-	5,990	14,461	3,088	3,125	1,476	4,025	-	32,165
Carrying amount									
Balance as at 31 December	30,956	58,613	9,069	1,038	1,289	2,123	25,579	1,626	130,293

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group as disclosed in Note 15 to the combined financial statements:

	2020 RM'000	2021 RM'000	2022 RM'000
Carrying amount			
Freehold land	14,456	30,956	30,956
Buildings	40,302	59,210	58,524
	<u>54,758</u>	<u>90,166</u>	<u>89,480</u>

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of property, plant and equipment	6,408	50,240	3,892
Financed by banking facility	-	(29,750)	-
	<u>6,408</u>	<u>20,490</u>	<u>3,892</u>

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12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

	Balance as at		Lease		Transfer to property, plant and equipment (Note 6) RM'000	Balance as at 31.12.2020 RM'000
	1.1.2020 RM'000	Additions RM'000	Disposals RM'000	termination RM'000		
Carrying amount						
Leasehold land	10,500	-	-	-	(161)	10,339
Motor vehicles	1,137	368	(207)	-	(310)	988
Plant and machinery	2,010	2,418	-	-	(388)	3,184
Premises	558	90	-	(19)	(212)	417
	14,205	2,876	(207)	(19)	(1,071)	14,928

	Balance as at		Lease		Balance as at 31.12.2021 RM'000
	1.1.2021 RM'000	Additions RM'000	termination RM'000	Depreciation RM'000	
Carrying amount					
Leasehold land	10,339	-	-	(161)	10,178
Motor vehicles	988	1,790	-	(467)	2,311
Plant and machinery	3,184	395	-	(280)	3,299
Premises	417	619	(55)	(283)	698
	14,928	2,804	(55)	(1,191)	16,486



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Balance as at 31.12.2022 RM'000
Carrying amount						
Leasehold land	10,178	-	-	(160)	-	10,018
Motor vehicles	2,311	2,605	-	(695)	(101)	4,120
Plant and machinery	3,299	-	-	(332)	-	2,967
Premises	698	2,008	(216)	(765)	-	1,725
	16,486	4,613	(216)	(1,952)	(101)	18,830

Lease liabilities

	Balance as at 1.1.2020 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2020 RM'000
Carrying amount						
Motor vehicles	928	312	-	(296)	45	989
Plant and machinery	881	2,229	-	(431)	100	2,779
Premises	569	89	(19)	(240)	39	438
	2,378	2,630	(19)	(967)	184	4,206



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	Balance as at 1.1.2021 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2021 RM'000
Carrying amount						
Motor vehicles	989	1,317	-	(520)	73	1,859
Plant and machinery	2,779	359	-	(734)	193	2,597
Premises	438	619	(57)	(322)	52	730
	4,206	2,295	(57)	(1,576)	318	5,186

	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense (Note 19) RM'000	Balance as at 31.12.2022 RM'000
Carrying amount						
Motor vehicles	1,859	2,225	-	(771)	117	3,430
Plant and machinery	2,597	-	-	(832)	133	1,898
Premises	730	2,008	(238)	(847)	127	1,780
	5,186	4,233	(238)	(2,450)	377	7,108



12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	2020 RM'000	2021 RM'000	2022 RM'000
Represented by:			
Current liabilities	1,127	1,521	2,401
Non-current liabilities	3,079	3,665	4,707
	4,206	5,186	7,108
Lease liabilities owing to financial institutions	3,768	4,455	5,328
Lease liabilities owing to non-financial institutions	438	731	1,780
	4,206	5,186	7,108

(a) The following are the amounts recognised in profit or loss:

	2020 RM'000	2021 RM'000	2022 RM'000
Depreciation of right-of-use assets			
- included in cost of sales	601	564	1,351
- included in administrative and distribution expenses	470	627	601
Expense relating to short-term leases			
- included in cost of sales	509	477	535
- included in administrative and distribution expenses	38	18	92
Expense relating to low-value assets			
- included in administrative and distribution expenses	22	3	4
Interest expense on lease liabilities			
- included in finance costs	184	318	377
Gain on lease termination	*	2	22
	1,824	2,009	2,982

(b) At the end of the financial year, the total cash outflow of the Group for leases are as follows:

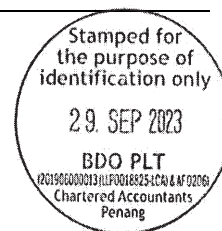
	2020 RM'000	2021 RM'000	2022 RM'000
Included in net cash from operating activities:			
Payments relating to:			
- short-term lease	547	495	627
- low-value assets	22	3	4
Interest paid in relation to lease liabilities	184	318	377
Included in net cash (used in)/from financing activities:			
- Repayment of leases liabilities	967	1,576	2,450
	1,720	2,392	3,458

(c) The Group has certain leases of assets with lease term of twelve (12) months or less and low value leases of equipment of RM20,000 and below. The Group apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

- (d) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of right-of-use assets	2,876	2,804	4,613
Financed by lease liabilities	(2,630)	(2,295)	(4,233)
Cash payments on purchase of right-of-use assets	<u>246</u>	<u>509</u>	<u>380</u>

- (e) The leasehold land of the Group with carrying amount of RM10,017,734 (2021: RM10,178,532; 2020: RM10,339,330) has been pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 15 to the financial statements.
- (f) Information on financial risks of lease liabilities is disclosed in Note 29 to the combined financial statements.

8. OTHER INVESTMENTS

Other investments comprised unquoted ordinary shares of Visage Industries Sdn. Bhd. ("Visage Industries"), Visage R&D Sdn. Bhd. ("Visage R&D") and Eco High Formwork Sdn. Bhd. ("Eco High") at cost.

The company, Visage R&D was acquired by BW Yee Seng Steel Industries ("BWYS Steel") during FYE 2016, for a total cash consideration of RM1.

The company, Visage Industries was acquired by BWYS Steel during financial year ended ("FYE") 2017 for a total cash consideration of RM10,000,000.

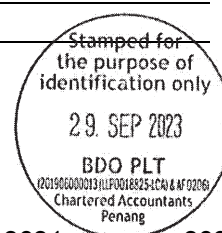
The company, Eco High was acquired by BWYS Steel during FYE 2019, for a total cash consideration of RM481,415. On 23 March 2021, BWYS Steel had additionally acquired 225,500 ordinary shares in Eco High for a total consideration of RM108,707.

The financial position, financial performance and cash flows of Visage Industries, Visage R&D and Eco High had been carved out from the combined financial statements because BWYS Steel had disposed the entire equity interest of Visage R&D, Visage Industries and Eco High on 19 August 2021, 18 July 2022 and 8 December 2022 respectively.

The disposal consideration for Visage R&D, Visage Industries and Eco High were RM1, RM11,134,502 and RM414,959 respectively.

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**



9. INVENTORIES

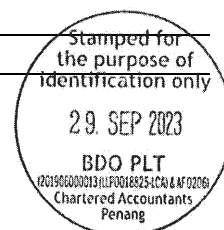
	2020 RM'000	2021 RM'000	2022 RM'000
At cost			
Raw materials	16,921	47,735	49,443
Work-in-progress	7,087	23,504	15,294
Finished goods	19,783	23,766	21,490
	43,791	95,005	86,227

During the financial year, inventories of the Group recognised as cost of sales amounted to RM158,288,819 (2021: RM140,374,779; 2020: RM85,675,025).

10. TRADE AND OTHER RECEIVABLES

	2020 RM'000	2021 RM'000	2022 RM'000
Trade receivables			
Third parties	30,663	36,452	39,991
Related parties	2,302	1,316	576
	32,965	37,768	40,567
Less: Impairment loss			
- third parties	(795)	(3,306)	(4,417)
- related parties	(4)	-	-
	32,166	34,462	36,150
Other receivables			
Third parties	8,686	19,902	6,812
Amount owing by related parties	230	25	-
Deposits	1,075	158	728
	9,991	20,085	7,540
Less: Impairment loss	(10)	-	-
	9,981	20,085	7,540
Total receivables	42,147	54,547	43,690
Prepayments	1,316	1,665	1,805
	43,463	56,212	45,495

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by related parties in other receivables are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
10. TRADE AND OTHER RECEIVABLES (continued)

- (d) The currency exposure profile of total receivables (excluding prepayments) of the Group is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	38,037	54,162	43,690
United States Dollar	3,575	385	-
Thai Baht	535	-	-
	<u>42,147</u>	<u>54,547</u>	<u>43,690</u>

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics - the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index, industrial production index and inflation rate) affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Credit impaired allowance refer to individually determined debtors who have adverse changes in the financial capability and default or significant delay in payments as at the end of the reporting period. The Group considers trade receivables to be in default when there is no reasonable expectation of recovery.

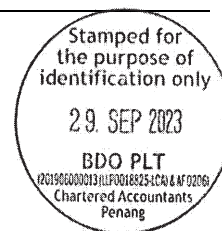
It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Expected loss provision for trade receivables are as follows:

	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
31 December 2020			
Current	21,785	2	21,783
1 to 30 days	4,076	2	4,074
31 to 60 days	680	1	679
61 to 90 days	367	1	366
More than 90 days	5,689	425	5,264
Credit impaired - Individually impaired	368	368	-
	<u>32,965</u>	<u>799</u>	<u>32,166</u>
31 December 2021			
Current	16,372	276	16,096
1 to 30 days	8,397	275	8,122
31 to 60 days	2,480	108	2,372
61 to 90 days	3,005	141	2,864
More than 90 days	6,223	1,215	5,008
Credit impaired - Individually impaired	1,291	1,291	-
	<u>37,768</u>	<u>3,306</u>	<u>34,462</u>

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**10. TRADE AND OTHER RECEIVABLES (continued)**

(e) (continued)

Expected loss provision for trade receivables are as follows (continued):

	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
31 December 2022			
Current	22,324	168	22,156
1 to 30 days	1,171	44	1,127
31 to 60 days	3,983	219	3,764
61 to 90 days	2,784	239	2,545
More than 90 days	9,114	2,556	6,558
Credit impaired - Individually impaired	1,191	1,191	-
	<u>40,567</u>	<u>4,417</u>	<u>36,150</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(f) Movements in the impairment allowance for trade receivables based on simplified approach are as follows:

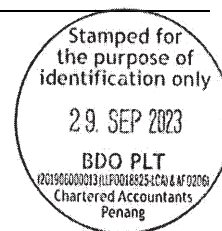
	2020 RM'000	2021 RM'000	2022 RM'000
Lifetime ECL allowance			
Balance as at 1 January	220	799	3,306
Charge for the financial year	619	2,875	1,728
Reversal of impairment losses	(40)	-	(617)
Written off	-	(368)	-
Balance as at 31 December	<u>799</u>	<u>3,306</u>	<u>4,417</u>

(g) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those in which the credit risk has not increased significantly since initial recognition of the financial assets, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables are adjusted by forward-looking information (producer price index, industrial production index and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months or lifetime expected credit loss for other receivables.

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****10. TRADE AND OTHER RECEIVABLES (continued)**

(g) (continued)

Movements in the impairment allowance for other receivables based on general approach are as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Lifetime ECL allowance			
Balance as at 1 January	-	10	-
Charge for the financial year	10	-	-
Reversal of impairment losses	-	(10)	-
Balance as at 31 December	<u>10</u>	<u>-</u>	<u>-</u>

(h) Information on financial risks of trade and other receivables is disclosed in Note 29 to the combined financial statements.

11. CASH AND BANK BALANCES

	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	3,623	18,080	5,933
Deposits with licensed banks	<u>2,026</u>	<u>5,768</u>	<u>8,894</u>
	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	5,552	22,508	14,791
United States Dollar	23	1,339	36
Singapore Dollar	74	1	*
Euro	*	*	*
	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>

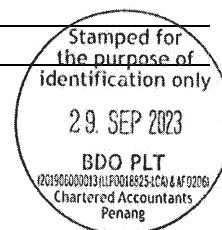
(c) The effective interest rate of deposits with licensed banks of the Group are 1.80% to 2.60% (2021: 1.80% to 3.25%; 2020: 2.00% to 3.25%) per annum.

(d) Deposits with licensed banks of the Group amounting to RM8,894,290 (2021: RM5,768,018; 2020: RM2,025,866) have been pledged to a bank as securities for the credit facilities granted as disclosed in Note 15 to the combined financial statements.

(e) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

11. CASH AND BANK BALANCES (continued)

- (f) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	3,623	18,080	5,933
Deposits with licensed banks	2,026	5,768	8,894
As per combined statements of financial position	<u>5,649</u>	<u>23,848</u>	<u>14,827</u>
Less:			
Deposits pledged to a licensed bank	(2,026)	(5,768)	(8,894)
Bank overdraft (Note 15)	(3,479)	(1,728)	(3,526)
As per combined statements of cash flows	<u>144</u>	<u>16,352</u>	<u>2,407</u>

- (g) Information on financial risks of cash and bank balances is disclosed in Note 29 to the combined financial statements.

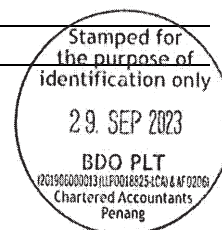
12. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity as at 31 December 2022 is the aggregate of the share capital of the other combining entities, namely BW Yee Seng Steel Industries Sdn. Bhd. and its related parties.

	Number of ordinary shares	RM'000
31 December 2020		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>
31 December 2021		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>
31 December 2022		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>7,988</u>	<u>7,988</u>

The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the Group and is entitled to one (1) vote per ordinary share at meetings of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.

12. ACCOUNTANTS' REPORT (cont'd)



**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

13. RESERVES

	2020 RM'000	2021 RM'000	2022 RM'000
Distributable:			
Retained earnings	75,106	98,318	110,694

14. TRADE AND OTHER PAYABLES

	2020 RM'000	2021 RM'000	2022 RM'000
Non-current			
Other payables			
Amount owing to a Director	4,069	4,069	-
Current			
Trade payables			
Third parties	3,330	19,628	10,087
Amount owing to related parties	947	4,695	466
	4,277	24,323	10,553
Other payables			
Third parties	3,962	8,015	6,605
Accruals	4,124	13,862	3,350
Deposits received	1,927	2,588	5,815
Amount owing to a Director	4,201	4,201	8,270
Amount owing to related parties	9,535	5,778	-
	23,749	34,444	24,040
	28,026	58,767	34,593
Total trade and other payables	32,095	62,836	34,593

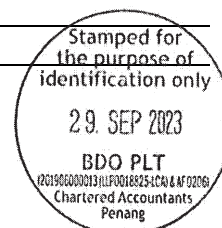
- (a) Total payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days.
- (c) The amount owing to related parties are unsecured, interest free and repayable within next twelve (12) months or upon demand in cash and cash equivalents, except for amount of RM Nil (2021: RM1,809,983; 2020: RM7,401,433) is subject to interest of 7% (2021: 7%; 2020: 7%).
- (d) The amounts owing to a Director are unsecured, interest-free, and repayable within next twelve (12) months or upon demand in cash and cash equivalents.
- (e) The currency exposure profile of trade and other payables is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Ringgit Malaysia	31,915	51,732	29,377
United States Dollar	180	11,104	5,216
	32,095	62,836	34,593

- (f) Information on financial risks of trade and other payables and their maturity is disclosed in Note 29 to the combined financial statements.

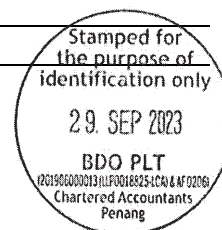
12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**15. BORROWINGS**

	2020 RM'000	2021 RM'000	2022 RM'000
Current liabilities			
<i>Secured</i>			
Bank overdrafts (Note 11(f))	3,479	1,728	3,526
Bankers' acceptances	27,502	71,303	56,629
Revolving credit	-	1,000	1,000
Term loans	3,582	4,873	4,731
	<u>34,563</u>	<u>78,904</u>	<u>65,886</u>
Non-current liability			
<i>Secured</i>			
Term loans	42,893	69,136	63,228
	<u>42,893</u>	<u>69,136</u>	<u>63,228</u>
Total borrowings			
<i>Secured</i>			
Bank overdrafts (Note 11(f))	3,479	1,728	3,526
Bankers' acceptances	27,502	71,303	56,629
Revolving credit	-	1,000	1,000
Term loans	46,475	74,009	67,959
	<u>77,456</u>	<u>148,040</u>	<u>129,114</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia.
- (c) The borrowings of the Group are secured by way of:
- (i) legal charge over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 6 and 7 to the combined financial statements;
 - (ii) pledging of the Group's fixed deposits as disclosed in Note 11(d) to the combined financial statements;
 - (iii) corporate guarantee from related parties and all the Directors of the Group;
 - (iv) jointly and several guarantee by the Directors of the Group;
 - (v) corporate guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
 - (vi) Credit Guarantee Corporation Malaysia Berhad (CGC)'s guarantee under BizJamin Special Relief Facility.
- (d) Fair value of the borrowings of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Information on financial risks of borrowings and their maturity is disclosed in Note 29 to the combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****16. DEFERRED TAX LIABILITIES**

Deferred tax liabilities is made up of the following:

	2020 RM'000	2021 RM'000	2022 RM'000
Balance as at 1 January	1,184	1,196	2,463
Recognised in profit or loss (Note 21):			
- relating to origination and reversal of temporary differences	(41)	1,473	755
- under/(over)provision in prior years	53	(206)	2,166
Balance as at 31 December	<u>1,196</u>	<u>2,463</u>	<u>5,384</u>
Subject to income tax:			
Deferred tax liabilities			
Property, plant and equipment	<u>1,196</u>	<u>2,463</u>	<u>5,384</u>

17. PROVISION

	2020 RM'000	2021 RM'000	2022 RM'000
Provision for legal claims	<u>-</u>	<u>1,474</u>	<u>1,474</u>

The provision is in respect of legal claims brought against the Group by customers. In the opinion of the Directors, after taking appropriate legal advice, the outcomes of these legal claims are not expected to give rise to any significant loss beyond the amounts provided as at 31 December 2022.

18. REVENUE

	2020 RM'000	2021 RM'000	2022 RM'000
<i>Revenue from contracts with customers</i>			
Sales of goods	123,730	211,547	224,958
<i>Other revenue</i>			
Rental of equipment	7,134	10,888	11,273
	<u>130,864</u>	<u>222,435</u>	<u>236,231</u>

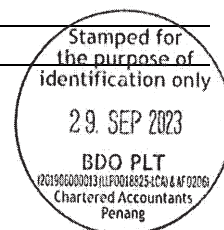
Timing of revenue recognition:
Revenue from contracts with customers
Point in time

	<u>123,730</u>	<u>211,547</u>	<u>224,958</u>
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Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	2020 RM'000	2021 RM'000	2022 RM'000
Geographical market			
Malaysia	128,790	203,657	226,324
United States of America	-	17,975	9,907
Others	2,074	803	-
	<u>130,864</u>	<u>222,435</u>	<u>236,231</u>

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
19. FINANCE COSTS

	2020 RM'000	2021 RM'000	2022 RM'000
Interest expense on:			
- Bankers' acceptances	1,603	1,630	2,187
- Bank overdrafts	61	93	169
- Lease liabilities (Note 7)	184	318	377
- Revolving credit	36	10	42
- Term loans	1,881	1,930	2,569
- Others	501	450	134
	<u>4,266</u>	<u>4,431</u>	<u>5,478</u>

20. EMPLOYEE BENEFITS

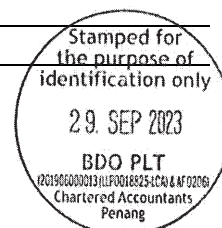
	2020 RM'000	2021 RM'000	2022 RM'000
Wages, salaries and bonuses	11,957	14,574	18,430
Contributions to defined contribution plan	1,313	1,420	1,982
Social security contributions	149	160	226
Other benefits	660	742	883
	<u>14,079</u>	<u>16,896</u>	<u>21,521</u>

Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,479,883 (2021: RM1,436,724; 2020: RM1,231,254).

21. TAX EXPENSE

	2020 RM'000	2021 RM'000	2022 RM'000
Current tax expense based on profit for the financial years	1,839	3,849	7,087
Under/(Over)provision of tax expense in prior years	139	(353)	(66)
	<u>1,978</u>	<u>3,496</u>	<u>7,021</u>
Deferred tax (Note 16):			
Relating to origination and reversal of temporary differences	(41)	1,473	755
Under/(Over)provision in prior years	53	(206)	2,166
	<u>1,990</u>	<u>4,763</u>	<u>9,942</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2021: 24%; 2020: 24%) of the estimated taxable profits for the fiscal year.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****21. TAX EXPENSE (continued)**

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit before tax	5,301	29,602	33,453
Tax at statutory tax rate of 24% (2021: 24%; 2020: 24%)	1,272	7,104	8,029
Tax effects in respect of:			
- non-allowable expenses	904	2,172	624
- income not subject to tax	(57)	(1,355)	(776)
- tax exempt income under pioneer status	(404)	(2,135)	-
- different tax rate for first RM600,000 of chargeable income	(84)	(84)	(84)
- reinvestment allowance	(121)	-	-
Deferred tax assets not recognised during the financial year/Utilisation of deferred tax assets previously not recognised	288	(380)	49
Under/(Over)provision of tax expense in prior years	139	(353)	(66)
Under/(Over)provision of deferred tax in prior years	53	(206)	2,166
Tax expense for the financial year	1,990	4,763	9,942

On 29 November 2011, BWYS Timur was granted pioneer status by Malaysian Investment Development Authority ("MIDA") for output production of metal roofing, corrugated sheets, batten c-section and c-purlin for a period of ten (10) years, which ended in November 2021, whereby 100% of its statutory income on the pioneer activities of BWYS Timur is tax exempted.

- (c) The estimated amount of net deferred tax assets calculated at the applicable tax rate which have not been recognised in the financial statements are as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Unabsorbed capital allowances	203	-	-
Unused tax losses:			
- expires by 31 December 2027	177	-	-
- expires by 31 December 2032	-	-	49
	380	-	49

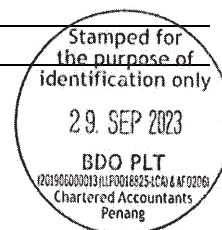
In Malaysia, with effective from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of ten years of assessment shall be disregarded.

- (d) Deferred tax assets have not been recognised in respect of this item as it was not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

This amount and availability of these items to carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**22. EARNINGS PER ORDINARY SHARE**

(a) Basic

Basic earnings per ordinary share for the financial years is calculated by dividing the profit for the financial years attributable to the common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company pursuant to the Listing.

	2020	2021	2022
Profit attributable to common controlling shareholders of the Group (RM'000)	<u>3,421</u>	<u>24,839</u>	<u>23,511</u>
Expected number of shares upon completion of the Listing (unit'000)	<u>1,025,213</u>	<u>1,025,213</u>	<u>1,025,213</u>
Basic earnings per ordinary share (sen)	<u>0.3</u>	<u>2.4</u>	<u>2.3</u>

Number of ordinary shares is the expected number of ordinary shares of the Company upon completion of the Listing.

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial year.

23. DIVIDEND

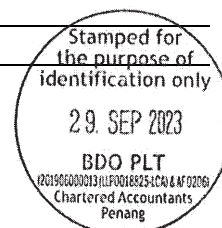
	Dividend per share RM	Amount of dividend RM'000
In respect of the financial year ended 31 December 2021:		
First interim single tier dividend of BW Yee Seng (Timur) Sdn. Bhd.	1.20	600
Second interim single tier dividend of BW Yee Seng (Timur) Sdn. Bhd.	<u>2.00</u>	<u>1,000</u>
	<u>3.20</u>	<u>1,600</u>
In respect of the financial year ended 31 December 2022:		
Interim single tier dividend of BW Yee Seng Steel Industries Sdn. Bhd.	<u>5.57</u>	<u>11,135</u>

24. CAPITAL COMMITMENT

	2020 RM'000	2021 RM'000	2022 RM'000
Capital expenditure in respect of purchase of property, plant and equipment - contracted but not provided for	<u>34,466</u>	<u>123</u>	<u>2,330</u>

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**25. CONTINGENT LIABILITIES**

	2020 RM'000	2021 RM'000	2022 RM'000
Unsecured			
Corporate guarantee given to financial institutions for credit facilities granted to a third party (2021: related party)	-	133	133

The corporate guarantee is given to financial institutions as one of the securities in relation to banking facility granted to a third party (2021: related party).

The Group designates corporate guarantee given to bank for credit facility granted to an associate and combining entities as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 December 2020, 31 December 2021 and 31 December 2022 to be insignificant.

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

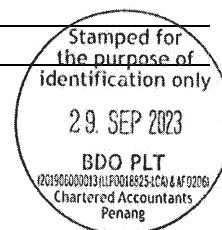
The Group has controlling related party relationship with its related parties. Related parties are companies in which Directors of the Company have controlling and financial interests.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related party during the financial year:

	2020 RM'000	2021 RM'000	2022 RM'000
With related parties:			
Sales	3,614	4,151	3,397
Purchases	-	2,493	59
Rental expense	331	391	1,005
Rental income	58	60	-
Interest income	200	138	27
Interest expense	498	406	175
Management fee income	156	156	60
Purchase of property, plant and equipment	-	2,722	22
With a Director:			
Disposal of other investments	-	*	11,135

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 14 to the financial statements.

* Less than RM1,000

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
26. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The total remuneration of Directors and other key management personnel during the financial years was as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Salaries and bonuses	1,062	1,273	2,117
Contributions to defined contribution plan	166	161	310
Social security contributions	3	3	6
	<u>1,231</u>	<u>1,437</u>	<u>2,433</u>
Estimated monetary value of benefits-in-kind	-	-	17
	<u>1,231</u>	<u>1,437</u>	<u>2,450</u>

Included in the total remuneration of Directors and other key management personnel during the financial years was as follows:

	2020 RM'000	2021 RM'000	2022 RM'000
Directors' remuneration	<u>1,231</u>	<u>1,437</u>	<u>1,480</u>

27. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacturing, sale and rental of steel and metal related products.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only one single reportable segment.

(a) Geographical information

The manufacturing facilities of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Majority of the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/detail of the segment assets of the Group.

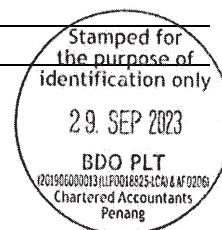
Revenue information based on the geographical location of customers is as disclosed in Note 18 to the combined financial statements.

(b) Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**28. FINANCIAL INSTRUMENTS**

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholder through optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged throughout the reporting period.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to common controlling shareholder of the Group plus net debt. Net debt are calculated as total trade and other payables, borrowings and lease liabilities net of short term deposits with licensed banks and cash and bank balances. Capital includes equity attributable to the common controlling shareholder.

	2020 RM'000	2021 RM'000	2022 RM'000
Trade and other payables	32,095	62,836	34,593
Borrowings	77,456	148,040	129,114
Lease liabilities	4,206	5,186	7,108
Less: Cash and bank balances	(5,649)	(23,848)	(14,827)
Net debt	<u>108,108</u>	<u>192,214</u>	<u>155,988</u>
Total capital	83,094	106,306	118,682
Net debt	<u>108,108</u>	<u>192,214</u>	<u>155,988</u>
Equity	<u>191,202</u>	<u>298,520</u>	<u>274,670</u>
Gearing ratio	<u>57%</u>	<u>64%</u>	<u>57%</u>

The Group is not subject to any externally imposed capital requirements as at the end of each reporting period.

(b) Method and assumptions used to estimate fair value

Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

The carrying amount of the current position of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022



28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

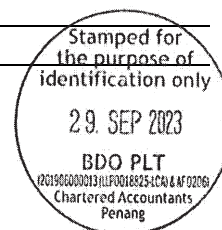
The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with the customers are mainly on credit. The credit period is generally for a period of one (1) month, extending up to three (3) months. Nevertheless, the management of the Group may give longer credit terms by discretion. The Group consistently monitors its outstanding receivables to minimise credit risk.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the geographical market and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period is as follows:

	2020		2021		2022	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
Malaysia	32,166	100%	31,102	91%	36,150	100%
United States of America	-	-	3,150	9%	-	-
	<u>32,166</u>	<u>100%</u>	<u>34,252</u>	<u>100%</u>	<u>36,150</u>	<u>100%</u>

At the end of the reporting period, approximately 11% (2021: 9%; 2020: Nil%) of the trade receivables of the Group were due from one (1) (2021: one (1); 2020: Nil) major customer.

(b) Liquidity and cash flow risk

The exposure of the Group to liquidity risk arises from mismatches of the financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

The table below summarises the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Financial liabilities				
31 December 2020				
Borrowings	37,012	23,165	34,854	95,031
Trade and other payables	28,026	4,069	-	32,095
Lease liabilities	1,363	3,420	-	4,783
Total undiscounted financial liabilities	<u>66,401</u>	<u>30,654</u>	<u>34,854</u>	<u>131,909</u>
31 December 2021				
Borrowings	82,052	30,469	61,071	173,592
Trade and other payables	58,767	4,069	-	62,836
Lease liabilities	1,773	3,935	4	5,712
Financial guarantee contract	133	-	-	133
Total undiscounted financial liabilities	<u>142,725</u>	<u>38,473</u>	<u>61,075</u>	<u>242,273</u>

12. ACCOUNTANTS' REPORT (cont'd)NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) Liquidity and cash flow risk (continued)

	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Financial liabilities				
31 December 2022				
Borrowings	67,595	29,275	60,124	156,994
Trade and other payables	34,593	-	-	34,593
Lease liabilities	2,732	5,048	-	7,780
Financial guarantee contract	133	-	-	133
Total undiscounted financial liabilities	<u>105,053</u>	<u>34,323</u>	<u>60,124</u>	<u>199,500</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit after tax			
- increase by 0.5% (2021: 0.5%; 2020: 0.5%)	(190)	(288)	(272)
- decrease by 0.5% (2021: 0.5%; 2020: 0.5%)	<u>190</u>	<u>288</u>	<u>272</u>

Sensitivity analysis for fixed rate instruments at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

12. ACCOUNTANTS' REPORT (cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022****29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(c) Interest rate risk (continued)**

The following table sets out the carrying amounts, the effective interest rates/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
As at 31 December 2020									
Fixed rates									
Deposits with licensed banks	11	2.00 - 3.25	2,026	-	-	-	-	-	2,026
Bankers' acceptances	15	1.96 - 4.72	(27,502)	-	-	-	-	-	(27,502)
Lease liabilities	7	1.92 - 8.00*	(1,127)	(1,023)	(1,015)	(681)	(360)	-	(4,206)
Floating rates									
Term loans	15	3.37 - 7.45	(3,582)	(3,926)	(3,710)	(3,922)	(4,101)	(27,234)	(46,475)
Bank overdrafts	15	6.45 - 6.95	(3,479)	-	-	-	-	-	(3,479)
As at 31 December 2021									
Fixed rates									
Deposits with licensed banks	11	1.80 - 3.25	5,768	-	-	-	-	-	5,768
Bankers' acceptances	15	2.03 - 3.80	(71,303)	-	-	-	-	-	(71,303)
Revolving credit	15	4.20	(1,000)	-	-	-	-	-	(1,000)
Lease liabilities	7	1.92 - 8.00*	(1,521)	(1,557)	(1,104)	(749)	(251)	(4)	(5,186)
Floating rates									
Term loans	15	3.00 - 7.20	(4,873)	(5,095)	(5,042)	(5,280)	(5,018)	(48,701)	(74,009)
Bank overdrafts	15	6.20 - 6.69	(1,728)	-	-	-	-	-	(1,728)

12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(c) Interest rate risk (continued)

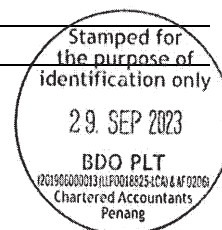
The following table sets out the carrying amounts, the effective interest rates/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	Effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):					Total RM'000
				1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	
As at 31 December 2022									
Fixed rates									
Deposits with licensed banks	11	1.80 - 2.60	8,894	-	-	-	-	-	8,894
Bankers' acceptances	15	2.90 - 5.01	(56,629)	-	-	-	-	-	(56,629)
Revolving credit	15	5.20	(1,000)	-	-	-	-	-	(1,000)
Lease liabilities	7	1.92 - 7.35*	(2,401)	(1,992)	(1,655)	(706)	(354)	-	(7,108)
Floating rates									
Term loans	15	3.50 - 8.20	(4,731)	(4,717)	(4,982)	(4,774)	(4,712)	(44,043)	(67,959)
Bank overdrafts	15	7.20 - 8.45	(3,526)	-	-	-	-	-	(3,526)



12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD").

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant:

	2020 RM'000	2021 RM'000	2022 RM'000
Profit after tax			
USD/RM			
- Strengthen by 5%	130	(356)	(197)
- Weaken by 5%	<u>(130)</u>	<u>356</u>	<u>197</u>

Sensitivity analysis of other foreign currencies is not disclosed as it is not material to the Group.

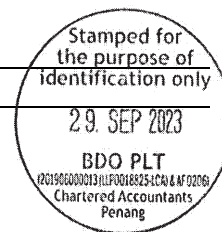
30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 8 June 2023, the Directors of a combining entity, BWYSSB, declared a single tier interim dividend of RM3 per ordinary share amounting to RM3,000,000 in respect of the financial year ending 31 December 2023, which was paid on 16 June 2023. The dividend will be accounted for in equity as an appropriation of retained earnings of BWYSSB in the financial year ending 31 December 2023.
- (b) On 14 August 2023, the issued and fully paid-up share capital of BW Scaffold was increased from RM2,488,000 to RM4,706,497 arising from additional 11,676,300 new ordinary shares of RM0.19 by way of capitalisation of amount owing to a Director.

On 14 August 2023, the issued and fully paid-up share capital of BWYS Steel was increased from RM2,000,000 to RM13,082,073 arising from additional 58,326,700 new ordinary shares of RM0.19 each by way of capitalisation of amount owing to a Director.

On 14 August 2023, the issued and fully paid-up share capital of YS Success was increased from RM2,000,000 to RM11,068,890 arising from additional 47,731,000 new ordinary shares of RM0.19 by way of capitalisation of amount owing to a Director.

The newly issued shares rank pari passu in all respects with the existing shares of the combining entities.



12. ACCOUNTANTS' REPORT (cont'd)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (c) Pursuant to the Listing, the Company had on 21 August 2023 entered into conditional share sale agreements to acquire the entire equity interest in the combining entities comprising 125,722,000 ordinary shares for a total purchase consideration of RM146,093,378. The purchase consideration will be satisfied via the issuance of 768,909,999 new shares at an issue price of RM0.19 per share and the acquisition is pending completion as of the date of this report.

31. MATERIAL LITIGATIONS

BWYS Steel vs Mentari Arus Sdn. Bhd. ("Mentari")

BWYS Steel, pursuant to a sale agreement dated 22 October 2019 entered into with Mentari, sold and delivered certain products and rental services, including those related to VFrame Wall Framing System V70 ("Products"), to Mentari.

Mentari had acknowledged that the Products were delivered but refused to make payments. In response to BWYS Steel's letter of demand, Mentari vide a letter of demand dated 27 September 2021, counter-claimed for the sum of RM987,402, alleging that the supply of Products were defective.

On 5 July 2022, BWYS Steel filed a writ action to claim for a sum of RM155,321 due and payable from Mentari, among others. By way of a defence and counterclaim dated 25 August 2022, Mentari counterclaimed for the sum of RM987,402, alleging that the Products were defective and they have suffered substantial damages as a result of the breach of the agreements.

This matter has been fixed for trial on 30 January 2024 and 31 January 2024.

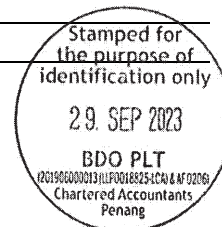
YS Success vs Hung Tat Trading ("HTT")

On 22 February 2022, YS Success filed a writ action to claim for a sum of RM768,667, interest in the sum of RM38,791 as at 21 February 2022 calculated at the rate of 1.5% per month on the sum; and additional interest at the rate of 1.5% per month on RM729,877 from 22 February 2022 until the date of full settlement, due and payable from HTT.

By way of the defence and counterclaim dated 30 May 2022, HTT claimed that YS Success did not deliver the entirety of the products that were ordered by HTT and counterclaimed for RM755,123 plus 5% interest per annum on the counterclaim sum.

A case management for filling of the pre-trial documents has been fixed on 2 October 2023.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

12. ACCOUNTANTS' REPORT (cont'd)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022
32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**32.1 New MFRSs adopted during the financial year 31 December 2022**

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease-Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

12. ACCOUNTANTS' REPORT (cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022

STATEMENT BY DIRECTORS

We, Kang Beng Hai and Kang Yi Ki, being two of the Directors of BWYS Group Berhad, state that, in the opinion of the Directors, the combined financial statements set out on pages 4 to 59 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2020, 2021 and 2022 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 29 September 2023



Kang Beng Hai
Director



Kang Yi Ki
Director



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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10050 Penang
Malaysia
SST No: P11-1809-32000112

The Board of Directors
BWYS Group Berhad
Lot 1571, Jalan Serunai
Kawasan Perindustrian Valdor
Mukim 12
14200 Sungai Bakap
Pulau Pinang

Date: 29 September 2023

Our ref: BDO/KTH/CMY/tchwa

Dear Sirs

**BWYS Group Berhad (“BWYS” or “the Company”) and its combining entities (“BWYS Group” or “the Group”)
Report on the Compilation of the Pro Forma Combined Statements of Financial Position as at 31 December 2022 (“This Report”)**

We have completed our assurance engagement to report on the compilation of the Pro Forma Combined Statements of Financial Position of the Group prepared by the Board of Directors of the Company (“Board of Directors”). The Pro Forma Combined Statements of Financial Position as at 31 December 2022 together with the accompanying notes thereon, for which we have stamped for the purpose of identification only, have been prepared for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Combined Statements of Financial Position are described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and are specified in Rule 3.12B(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and paragraph 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the Notes thereon to the Pro Forma Combined Statements of Financial Position as at 31 December 2022 had the transactions been effected as at 31 December 2022. As part of this process, information about the Group’s Combined financial position has been extracted by the Board of Directors from the combining entities’ audited statement of financial position as at 31 December 2022.

Directors’ Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance to the requirements of the Prospectus Guidelines.

Our Quality Management and Independence

The Firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)



Our Quality Management and Independence (continued)

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Combined Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis set out in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Combined Statements of Financial Position in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2022, would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)



Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position of the Group has been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This Report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'BDO PLT'.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang

A handwritten signature in black ink, appearing to read 'Koay Theam Hock'.

Koay Theam Hock
02141/04/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (*cont'd*)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Combined Statements of Financial Position of BWYS Group Berhad (“BWYS” or “the Company”) and its combining entities (collectively referred to as “BWYS Group” or “the Group”) as at 31 December 2022 together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of BWYS on the ACE Market of Bursa Malaysia Securities Berhad.

1.2 Basis of Preparation

The Pro Forma Combined Statements of Financial Position of the Group have been prepared on the basis consistent with the format of the financial statements of the Group as at 31 December 2022 and the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The Pro Forma Combined Statements of Financial Position are combined using merger method as the Company and its combining entities are under common control by the same parties, both before and after the acquisition of the Group, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by the Company and the share capital of BW Yee Seng Steel Industries Sdn. Bhd. (“BWYS Steel”), BW Yee Seng (Timur) Sdn. Bhd. (“BWYS Timur”), BW Scaffold Industries Sdn. Bhd. (“BW Scaffold”), BWYS Sdn. Bhd. (“BWYSSB”) and YS Success Industries Sdn. Bhd. (“YS Success”) are accounted for as merger reserves in the Pro Forma Combined Statements of Financial Position.

The audited financial statements of BWYS and its combining entities for the financial year ended 31 December 2022 were not subject to any audit qualification, modification or disclaimer.

The Pro Forma Combined Statements of Financial Position of the Group comprise Pro Forma Statements of Financial Position as at 31 December 2022, adjusted for the impact of the events or transactions as set out in Note 2 to the Pro Forma Combined Statements of Financial Position.

Due to its nature, the Pro Forma Combined Statements of Financial Position is not necessarily indicative of the financial position of the Group that would have attained had the effects of the transactions as set in Note 1.3 actually occurred at the respective dates. Further, such information does not predict the Group’s future financial position.

1.3 Listing Scheme

In preparation for the Listing, the Company undertook the internal restructuring exercises as described below.

1.3.1 Other Material Transactions

Distribution of dividend

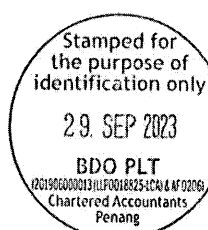
BWYSSB had declared a single tier interim dividend of RM3,000,000 on 8 June 2023 which was paid on 16 June 2023.

Advances from Director - Kang Beng Hai (“KBH”)

On 16 June 2023, KBH has advanced RM3,000,000 to YS Success for working capital purposes.

On 30 June 2023, KBH has advanced RM400,000, RM1,000,000 and RM2,000,000 to BW Scaffold, BWYS Steel and YS Success respectively for working capital purposes.

On 20 July 2023, KBH has advanced RM7,700,000 to BWYS Steel for working capital purposes.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.2 Capitalisations

(a) 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 new ordinary shares of BW Scaffold ("BW Scaffold Share(s)") at an issue price of RM0.19 per BW Scaffold Share and the remaining balance of RM44 was fully satisfied via cash.

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.

(b) 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 new ordinary shares of BWYS Steel ("BWYS Steel Share(s)") at an issue price of RM0.19 per BWYS Steel Share and the remaining balance of RM24 was fully satisfied via cash.

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.

(c) 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 new ordinary shares of YS Success ("YS Success Share(s)") at an issue price of RM0.19 per YS Success Share and the remaining balance of RM36 was fully satisfied via cash.

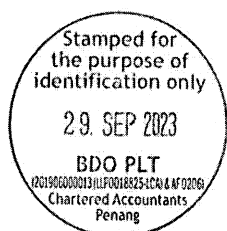
The Capitalisation in YS Success was completed on 14 August 2023 and the issued share capital of YS Success had increased from RM2,000,000 comprising 2,000,000 YS Success Shares to RM11,068,890 comprising 49,731,000 YS Success Shares.

1.3.3 Acquisitions

(a) Acquisition of BW Scaffold

On 21 August 2023, the Company had entered into a conditional share sale agreement ("SSA") with KBH and Kang Beng Teong ("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 ordinary shares of the Company ("Share(s)") at an issue price of RM0.19 per Share to KBH and cash consideration of RM2 to KBT.

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



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.3 Acquisitions (continued)

(b) Acquisition of BWYSSB

On 21 August 2023, the Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYSSB comprising 1,000,000 ordinary shares of BWYSSB for a 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.

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

(c) Acquisition of BWYS Steel

On 21 August 2023, the Company had entered into a conditional SSA with KBH and Kang Meng Huat ("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.

The total purchase consideration of RM42,190,478 was arrived at on a willing-buyer willing seller basis 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.

(d) Acquisition of BWYS Timur

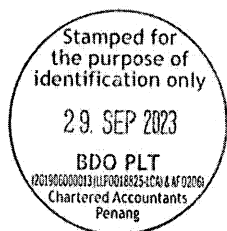
On 21 August 2023, the Company had entered into a conditional SSA with KBH and KBT to acquire the entire issued share capital of BWYS Timur comprising 500,000 ordinary shares of BW YS Timur for a total purchase consideration of RM19,700,000. The total purchase consideration is to be satisfied via the 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.

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

(e) Acquisition of YS Success

On 21 August 2023, the 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.

The total purchase consideration of RM30,568,400 was arrived at on a willing-buyer willing seller basis 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.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.4 Initial Public Offering ("IPO")

(a) Public issue and offer for sale

Public issue of 256,303,000 new Shares and an offer for sale of 100,000,000 existing Shares, representing 25.0% and 9.8% respectively of the enlarged number of issued shares of the Company, at an issue/offer price of RM[•] per Share.

(b) Listing

Admission to the Official List of Bursa Securities and the listing of and quotation for the Company's entire enlarged issued share capital of RM[•] comprising 1,025,213,000 shares on the ACE Market of Bursa Securities.

(c) Utilisation of Proceeds from IPO as per Prospectus

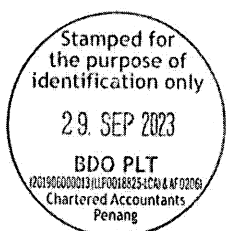
As per Prospectus, the gross proceeds from the IPO of RM[•] are expected to be utilised in the following manner:

	RM
Capital expenditure ¹	[•]
Repayment of bank borrowings	[•]
Working capital	[•]
Estimated listing expenses ²	[•]
	[•]
	[•]

Notes:

(1) As at latest practicable date of the prospectus, the Group has yet to enter into any contracted binding agreement or issued any purchase order in relation to the proceeds earmarked for capital expenditure. Accordingly, the utilisation of proceeds earmarked for the abovementioned purpose are not reflected in the Pro Forma Combined Statements of Financial Position.

(2) The estimated listing expenses totaling RM[•] to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM[•] had been incurred and charged to the profit or loss of the Group as of 31 December 2022. A total of RM[•] is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM[•] are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.



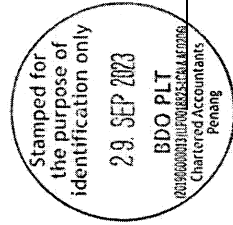
13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

The Pro Forma Combined Statements of Financial Position ("SOFP") of the Group as at 31 December 2022 has been prepared for illustrative purposes only to show the effects on the audited Combined SOFP of BWYS as at 31 December 2022 based on the assumptions that the Listing Scheme as set out in Note 1.3 to the Pro Forma Combined information had been effected on 31 December 2022.

	As at 31 December 2022 [^]	Adjustments for Other Material Transactions, Capitalisations, and Acquisitions	Pro Forma I Upon completion of the Other Material Transactions, Capitalisations, and Acquisitions	Adjustments for IPO	Pro Forma II After Pro Forma I and IPO
Note	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	130,293	-	130,293	-	130,293
Right-of-use assets	18,830	-	18,830	-	18,830
	149,123	-	149,123	-	149,123
Current assets					
Inventories	86,227	-	86,227	-	86,227
Trade and other receivables	45,495	-	45,495	-	45,495
Current tax assets	3,085	-	3,085	-	3,085
Cash and bank balances	14,827	11,100	25,927	[.]	[.]
	149,634	11,100	160,734	[.]	[.]
	298,757	11,100	309,857	[.]	[.]
TOTAL ASSETS					
EQUITY AND LIABILITIES					
Equity attributable to the common controlling shareholders of the Group					
Invested equity/Share capital	7,988	138,105	146,093	[.]	[.]
Merger reserve	-	(115,736)	(115,736)	-	(115,736)
Retained earnings	110,694	(3,000)	107,694	[.]	[.]
	118,682	19,369	138,051	[.]	[.]



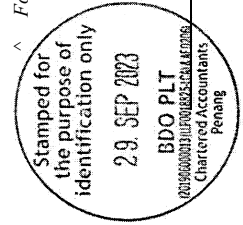
13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

	Note	As at 31 December 2022 [^]	Adjustments for Other Material Transactions, Capitalisations, and Acquisitions	Pro Forma I Upon completion of the Other Material Transactions, Capitalisations, and Acquisitions	Adjustments for IPO	Pro Forma II After Pro Forma I and IPO
		RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Non-current liabilities						
Borrowings	2.2.5	63,228	-	63,228	[•]	[•]
Lease liabilities		4,707	-	4,707	-	4,707
Deferred tax liabilities		5,384	-	5,384	-	5,384
		73,319	-	73,319	[•]	[•]
Current liabilities						
Trade and other payables	2.2.6	34,593	(8,269)	26,324	-	26,324
Provision		1,474	-	1,474	-	1,474
Borrowings		65,886	-	65,886	-	65,886
Lease liabilities		2,401	-	2,401	-	2,401
Current tax liabilities		2,402	-	2,402	-	2,402
		106,756	(8,269)	98,487	-	98,487
TOTAL LIABILITIES		180,075	(8,269)	171,806	[•]	[•]
TOTAL EQUITY AND LIABILITIES						
		298,757	11,100	309,857	[•]	[•]
Net assets (RM'000)		118,682		138,051		[•]
Number of ordinary shares assumed in issue ('000)		7,988		768,910		1,025,213
Net assets attributable to equity holders per ordinary shares (RM)		14.86		0.18		[•]

[^] For information purpose, the Company was incorporated on 4 January 2023 with issued and paid-up ordinary share capital of RMI.



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.1 Pro Forma Adjustments to the Pro Forma Combined SOFP

2.1.1 Pro Forma I

Pro Forma I is stated after incorporating the effects of Other Material Transactions, Capitalisations and Acquisitions as set out in Note 1.3.1, Note 1.3.2 and Note 1.3.3 to the Pro Forma Combined SOFP.

2.1.2 Pro Forma II

Pro Forma II is stated after incorporating the effects of Pro Forma I and effect after the completion of Public Issue and the utilisation of proceeds from the IPO as set out in Note 1.3.4 to the Pro Forma Combined SOFP.

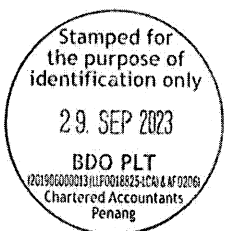
2.2 Notes to the Pro Forma Combined SOFP

2.2.1 Cash and bank balances

The movements of cash and bank balances are as follows:

	RM'000
As at 31 December 2022	14,827
Advances from Director - KBH	11,100
Pro Forma I	25,927
Public Issue	[•]
Proposed utilisation of proceeds	[•]
- Estimated listing expenses	[•]
- Repayment of bank borrowings	[•]
	[•]
Pro Forma II	[•]

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13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.2 Invested equity/Share capital

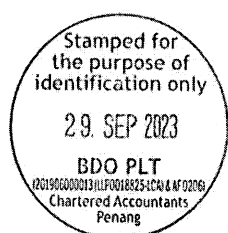
The movements of share capital are as follows:

	RM'000
As at 31 December 2022	7,988
Capitalisations	22,369
Acquisitions	115,736
	<hr/>
Pro Forma I	146,093
Public Issue	[•]
Utilisation of proceeds from the IPO	[•]
- Estimated listing expenses	[•]
	<hr/>
Pro Forma II	[•]

2.2.3 Merger reserve

The movements of merger reserve are as follows:

	RM'000
As at 31 December 2022	-
Acquisitions	(115,736)
	<hr/>
Pro Forma I	(115,736)
Public Issue	-
Utilisation of proceeds from the IPO	-
- Estimated listing expenses	-
	<hr/>
Pro Forma II	(115,736)



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.4 Retained earnings

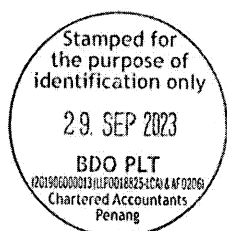
The movements of retained earnings are as follows:

	RM'000
As at 31 December 2022	110,694
Distribution of dividend	(3,000)
	107,694
Pro Forma I	107,694
Public Issue	-
Utilisation of proceeds from the IPO	-
- Estimated listing expenses	[•]
	[•]
Pro Forma II	[•]

2.2.5 Borrowings

The movements of borrowings are as follows:

	RM'000
<u>Non-current</u>	
As at 31 December 2022	63,228
	63,228
Pro Forma I	63,228
Public Issue	-
Utilisation of proceeds from the IPO	-
- Repayment of bank borrowings	[•]
	[•]
Pro Forma II	[•]



13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

2. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

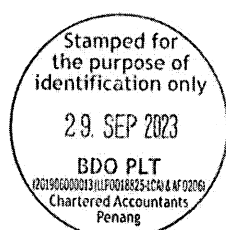
2.2 Notes to the Pro Forma Combined SOFP (continued)

2.2.6 Trade and other payables

The movements of trade and other payables are as follows:

	RM'000
As at 31 December 2022	34,593
Advances from Director - KBH	14,100
Capitalisations	<u>(22,369)</u>
Pro Forma I	26,324
Public Issue	-
Utilisation of proceeds from the IPO	-
- Estimated listing expenses	-
	<u>-</u>
Pro Forma II	<u>26,324</u>

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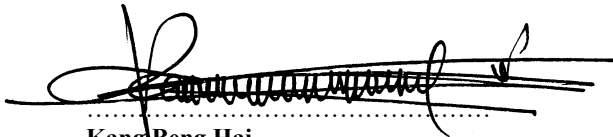


13. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (cont'd)

*BWYS Group Berhad (Registration No. 202301000310 (1494229-W))
Pro Forma Combined Statements of Financial Position*

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of BWYS Group Berhad in accordance with a resolution dated 29 September 2023.

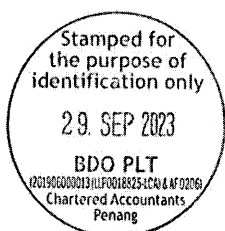


.....
Kang Beng Hai
Director



.....
Kang Yi Ki
Director

Penang



14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.3 of this Prospectus,
- (i) no person including Directors or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the following:
- (i) issuance of our subscriber's Shares upon our incorporation; and
- (ii) new Shares to be issued for the Acquisitions and Public Issue as disclosed in Sections 6.1.4(b) and 4.3.1 of this Prospectus,
- there are no shares of our Company issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 INFORMATION OF OUR GROUP

Our share capital as at the LPD is RM1 comprising 1 Share. The movements in our share capital since our incorporation are set out below:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
4 January 2023	1	1	Subscriber's shares	1
[•]	768,909,999	146,092,900	Allotment of Shares pursuant to the Acquisitions	146,092,901

14. STATUTORY AND OTHER INFORMATION (*cont'd*)

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital.

Upon completion of our Listing, our enlarged share capital will increase from RM146,092,901, comprising 768,910,000 Shares to RM[•] comprising 1,025,213,000 Shares.

14.3 INFORMATION OF OUR SUBSIDIARIES

Information of our subsidiaries are set out below.

14.3.1 Information on BW Scaffold

(a) Share capital

As at LPD, BW Scaffold has an issued share capital of RM4,706,497 comprising 14,164,300 ordinary shares. Details of the movement in the issued share capital of BW Scaffold since its incorporation up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
5 May 1988	2	2	Cash	2
30 November 1989	49,998	49,998	Cash	50,000
5 January 1990	50,000	50,000	Cash	100,000
17 April 1990	60,000	60,000	Cash	160,000
21 June 1991	160,000	160,000	Cash	320,000
28 November 1992	160,000	160,000	Other than cash	480,000
14 December 1992	160,000	160,000	Cash	640,000
31 May 1994	240,000	240,000	Cash	880,000
31 May 1994	320,000	320,000	Other than cash	1,200,000
15 April 1996	240,000	240,000	Cash	1,440,000
7 October 2005	1,048,000	1,048,000	Cash	2,488,000
14 August 2023	11,676,300	2,218,497	Cash	4,706,497

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, BW Scaffold does not have any outstanding warrants, options, convertible securities or uncalled capital.

14. STATUTORY AND OTHER INFORMATION (cont'd)

(b) Shareholders and directors

As at the LPD, the shareholders of BW Scaffold and their shareholdings are as follows:

Name	No. of ordinary shares held	%
KBH	14,164,299	99.9
KBT	1	<0.1
Total	14,164,300	100.00

As at the LPD, the directors of BW Scaffold are KBH and KBT.

(c) Subsidiary and associated company

As at the LPD, BW Scaffold does not have any subsidiary and/or associated company.

14.3.2 Information on BWYSSB

(a) Share capital

As at LPD, BWYSSB has an issued share capital of RM1,000,000 comprising 1,000,000 ordinary shares. Details of the movement in the issued share capital of BWYSSB since its incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
26 November 2009	2	2	Cash	2
18 May 2010	99,998	99,998	Cash	100,000
23 May 2011	400,000	400,000	Cash	500,000
28 September 2011	500,000	500,000	Cash	1,000,000

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, BWYSSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, the shareholders of BWYSSB and their shareholdings are as follows:

Name	No. of ordinary shares held	%
KBH	999,990	99.9
KBT	10	<0.1
Total	1,000,000	100.00

As at the LPD, the directors of BWYSSB are KBH and KBT.

(c) Subsidiary and associated company

As at the LPD, BWYSSB does not have any subsidiary and/or associated company.

14. STATUTORY AND OTHER INFORMATION (cont'd)**14.3.3 Information on BWYS Steel****(a) Share capital**

As at LPD, BWYS Steel has an issued share capital of RM13,082,073 comprising 60,326,700 ordinary shares. Details of the movement in the issued share capital of BWYS Steel since its incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
2 August 1999	3	3	Cash	3
1 November 2001	99,997	99,997	Cash	100,000
20 April 2006	400,000	400,000	Cash	500,000
14 March 2007	500,000	500,000	Cash	1,000,000
19 September 2008	1,000,000	1,000,000	Cash	2,000,000
14 August 2023	58,326,700	11,082,073	Cash	13,082,073

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, BWYS Steel does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, the shareholders of BWYS Steel and their shareholdings are as follows:

Name	No. of ordinary shares held	%
KBH	60,326,680	99.9
KMH	20	<0.1
Total	60,326,700	100.00

As at the LPD, the directors of BWYS Steel are KBH, KBT and Ong Seow Yan.

(c) Subsidiary and associated company

As at the LPD, BWYS Steel does not have any subsidiary and/or associated company.

14. STATUTORY AND OTHER INFORMATION (cont'd)

14.3.4 Information on BWYS Timur

(a) Share capital

As at LPD, BWYS Timur has an issued share capital of RM500,000 comprising 500,000 ordinary shares. Details of the movement in the issued share capital of BWYS Timur since its incorporation up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
9 March 2011	100	100	Cash	100
15 July 2011	99,900	99,900	Cash	100,000
15 July 2015	400,000	400,000	Other than cash	500,000

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, BWYS Timur does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, the shareholders of BWYS Timur and their shareholdings are as follows:

<u>Name</u>	<u>No. of ordinary shares held</u>	<u>%</u>
KBH	499,995	99.9
KBT	5	<0.1
Total	500,000	100.00

As at the LPD, the directors of BWYS Timur are KBH and KBT.

(c) Subsidiary and associated company

As at the LPD, BWYS Timur does not have any subsidiary and/or associated company.

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14. STATUTORY AND OTHER INFORMATION (cont'd)**14.3.5 Information on YS Global****(a) Share capital**

As at LPD, YS Global has an issued share capital of RM2,000,000 comprising 2,000,000 ordinary shares. Details of the movement in the issued share capital of YS Global since its incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
9 March 2011	100	100	Cash	100
24 December 2014	999,900	999,900	Cash	1,000,000
28 December 2022	1,000,000	1,000,000	Cash	2,000,000

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, YS Global does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, YS Global is a wholly-owned subsidiary of YS Success.

As at the LPD, the directors of YS Global are KBH and KBT.

(c) Subsidiary and associated company

As at the LPD, YS Global does not have any subsidiary and/or associated company.

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14. STATUTORY AND OTHER INFORMATION (cont'd)**14.3.6 Information on YS Success****(a) Share capital**

As at LPD, YS Success has an issued share capital of RM11,068,890 comprising 49,731,000 ordinary shares. Details of the movement in the issued share capital of YS Success since its incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
25 March 2008	2	2	Cash	2
7 June 2010	499,998	499,998	Cash	500,000
2 December 2011	1,500,000	1,500,000	Other than cash	2,000,000
14 August 2023	47,731,000	9,068,890	Cash	11,068,890

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, YS Success does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, the shareholders of YS Success and their shareholdings are as follows:

Name	No. of ordinary shares held	%
KBH	49,730,999	99.9
KBT	1	<0.1
Total	49,731,000	100.00

As at the LPD, the directors of YS Success are KBH and KBT.

(c) Subsidiary and associated company

As at the LPD, YS Success does not have any subsidiary and/or associated company other than its wholly-owned subsidiary namely YS Global.

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14. STATUTORY AND OTHER INFORMATION (cont'd)

14.4 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Constitution are based on the current Listing Requirements and the Act.

14.4.1 Remuneration, voting and borrowing powers of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

(i) Remuneration of Directors**Clause 103 - Remuneration**

The fees and any benefits payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and is subject to annual shareholder approval at a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 104 - Reimbursement and special remuneration

The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in connection with or about the business of the Company in the course of the performance of their duties as Directors.

14. STATUTORY AND OTHER INFORMATION (cont'd)

If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing: if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged subject to any other provisions of this Constitution.

(ii) Voting of Directors

Clause 116 – Meetings of Directors

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Subject to this Constitution, questions arising at any meeting shall be determined by a majority of votes.

Clause 119 – Quorum

The quorum necessary for the transaction of the business of the Directors shall be two (2) Directors for the time being of the Company. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.

Clause 122 – Chairman has casting vote

In case of equality of votes the Chairman shall have a second/casting vote except where only two (2) Directors are competent to vote on the question at issue, or at the quorum present at the meeting.

Clause 123 – Declaration of interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company, shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so, his vote should not be counted, but this prohibition shall not apply to:

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

14. STATUTORY AND OTHER INFORMATION (cont'd)

Clause 124 – Directors restrained from voting in interested transactions

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

Clause 125 – Directors appointed at a meeting to hold other office to be counted in the quorum

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat, he or any other Director is to be appointed to hold any office or place of profit in the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Clause 127 - Director's interest in corporation promoted by Company

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(iii) Borrowing power of Directors

Clause 108 – Directors' borrowing powers

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party PROVIDED ALWAYS that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

14. STATUTORY AND OTHER INFORMATION (cont'd)

- (b) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.
- (c) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

14.4.2 Changes to Share Capital**Clause 52 – Increase of share capital**

The Company may from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution passed at the general meeting increase its share capital, such new capital to be of such amount and to be divided into shares of such rights to or be subject to such conditions or restriction in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs, and if no direction to be given, as the Directors shall determine and in particular, but without prejudice to the rights attached to any preference shares that may have been issued, such new shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a special or restricted or without any right of voting.

Clause 53 – Issue of new shares to existing Members

Subject to any direction to the contrary that may be given by the Company in general meeting, any shares or securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided.

Clause 55 – Alteration of Capital

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or

14. STATUTORY AND OTHER INFORMATION (cont'd)

- (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

The Company may, subject to the provision of the Act, by special resolution reduce its share capital.

14.4.3 Transfer of Securities**Clause 42 - Transfer of Securities**

Subject to the provisions of this Constitution, the Central Depositories Act, the Rules and the Listing Requirements, the transfer of any Listed Security or class of Listed Security in the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Security.

Clause 43 – Transferor’s right

The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.

Clause 44 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 45 – Directors may refuse registration of transfer

Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register the transfer of any share (not being a fully paid share), and whether or not the Company claims lien on the same.

Clause 46 - Transmission of Shares

Where:

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

14. STATUTORY AND OTHER INFORMATION (cont'd)

14.4.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 13 – Issue of Securities

Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities, if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) Months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.

Clause 18– Alteration of Class Rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of this Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares capital of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the share capital paid or credited as paid on the issued shares of the class (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one (1) vote in respect of every share of the class or group held by them respectively. To every such special resolution, the provisions of Section 292 of the Act, shall, with such adaptations as are necessary, apply.

14.5 GENERAL INFORMATION

- (a) Save for the dividends declared and/or paid as disclosed in Section 5.1.5 of this Prospectus and Directors' remuneration as disclosed in Section 5.5.1 of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Directors or substantial shareholder.
- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholder have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

14. STATUTORY AND OTHER INFORMATION (cont'd)

- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 15 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.6 CONSENTS

- (a) The written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Company Secretaries, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Reporting Accountants' report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not been subsequently withdrawn.

14.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of our Group for FYE 2020 to FYE 2022;
- (c) Accountants' Report as set out in Section 12 of this Prospectus;
- (d) Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Information as set out in Section 13 of this Prospectus;
- (e) IMR Report as set out in Section 7 of this Prospectus;
- (f) Material contracts as set out in Section 6.7 of this Prospectus
- (g) Cause papers as set out in Section 11.3.5 of this Prospectus;
- (h) Letters of consent as set out in Section 14.6 of this Prospectus; and
- (i) Service contract agreements of Sim Kay Wah and Lau Ken Wah as set out in Section 5.3.3 of this Prospectus.

14. STATUTORY AND OTHER INFORMATION (cont'd)

14.8 RESPONSIBILITY STATEMENTS

Our Directors, Promoter and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [date]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M, [date]

Applications for the Issue Shares will open and close at the times and dates stated above.

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

LATE APPLICATIONS WILL NOT BE ACCEPTED.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application method</u>
Applications by Malaysian Public:	
(i) Individuals	<ul style="list-style-type: none">▪ WHITE Application Form; or▪ Electronic Share Application; or▪ Internet Share Application
(ii) Non-Individuals	<ul style="list-style-type: none">▪ WHITE Application Form only
Applications by Eligible Persons	<ul style="list-style-type: none">▪ PINK Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

15.2.2 Placement

<u>Types of Application</u>	<u>Application method</u>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfil all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[•] for each Issue Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. []**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No: 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on [date] or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDERSUBSCRIPTION

In the event of oversubscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

In the event of an undersubscription of our Issue Shares by the Malaysian Public and/or eligible Directors and employees of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our Issue Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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