fortress

FORTRESS MINERALS LIMITED

ANNUAL REPORT 2023

CREATING VALUE THROUGH INNOVATION

CONTENTS

*This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.*

The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

CORPORATE PROFILE

Fortress Minerals Group is a leading iron ore producer in Malaysia, renowned for our culture, innovation and ground-breaking development of our mining assets in Malaysia.

Fortress Minerals Limited ("**Fortress**" or the "**Company**" and collectively with its subsidiaries, the "**Group**") is principally in the business of exploration, mining, production and sale of iron ore of low level of impurities.

The Group is headquartered in Selangor, Malaysia. It presently produces iron ore products from its two producing assets, the Bukit Besi mine and Cermat Aman Sdn Bhd (the "**CASB**") mine, and sells its iron ore primarily to steel mills in Malaysia and trading companies in the People's Republic of China. Iron ore sold to domestic steel mills are trucked daily via the in-house fleet of heavy-duty trucks while export sales requiring sea freight sail from the easily accessible port of Kuantan or Kemaman, in the state of Pahang or Terengganu, Malaysia respectively. All of our iron ore are efficiently priced in the United States Dollar against international iron ore indices as practiced world-wide.

The Bukit Besi mine has a land area of 526.20 hectares which was leased to the Group from the state government of Terengganu under a mining concession agreement expiring in year 2033. Bukit Besi mine comprises the East, Valley and West Deposits and is situated in the district of Dungun, state of Terengganu in Malaysia.

The Group had on 7 April 2021 completed the acquisition of the entire issued and paid-up capital of Fortress Mengapur Sdn Bhd and its subsidiaries ("**Fortress Mengapur**"), which comprises the entire tenements held by its subsidiaries, namely CASB and Star Destiny Sdn Bhd (the "**SDSB**"), which covers approximately 951.68 hectares. The Group commenced production at the CASB mine in FY2023.

As part of the Group's strategic growth efforts, it was awarded two exploration licenses in 2023 for two mining areas in Sabah, which offer the opportunity to expand the Group's commodities profile and diversify its revenue streams.

The Group continues to invest prudently and through the cycle, to enhance long-term shareholder value, in its mission to become a leading mining group in the region.

Fortress Minerals Limited (OAJ: SGX) has been listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 27 March 2019.

Fortress upholds our team's safety, values, integrity and honesty. The team leads the business to achieve our vision of becoming a multi-disciplinary premier iron ore player in Malaysia.

VISION

Our team's vision is to build a truly great Malaysian company that our families can be proud of. We strive to cultivate a nurturing working environment to foster the growth of the Company's talents.

MISSION

We dedicate our effort to exploring new opportunities, building a sustainable business and ensuring the well-being of our team members.

We are committed to value creation to optimise the wealth of our stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chew Wai Chuen
(Chairman and Independent Director)

Dato' Sri Ivan Chee
(Executive Director and Chief Executive Officer ("**CEO**"))

Ng Mun Fey
(Executive Director and Chief Operating Officer ("**COO**"))

Teh Lip Kim
(Non-executive and Non-independent Director)

Loong Ching Hong
(Non-executive and Non-independent Director)

Willa Chee Keng Fong
(Non-executive and Non-independent Director)

Anita Chew Cheng Im
(Independent Director)

Goh Kah Im
(Independent Director)

AUDIT COMMITTEE

Goh Kah Im
(Chairman)
Anita Chew Cheng Im
Chew Wai Chuen

REMUNERATION COMMITTEE

Chew Wai Chuen
(Chairman)
Anita Chew Cheng Im
Loong Ching Hong

NOMINATING COMMITTEE

Anita Chew Cheng Im
(Chairman)
Chew Wai Chuen
Dato' Sri Ivan Chee

JOINT COMPANY SECRETARIES

Nor Hafiza Alwi
Loh Mei Ling

REGISTERED OFFICE

77 Robinson Road
#06-03, Robinson 77
Singapore 068896
Tel: (65) 6538 0779
Fax: (65) 6438 7926
Email: corporate@fortress.sg

PRINCIPAL PLACE OF BUSINESS

9-1 Jalan PJS 8/18
Dataran Mentari
46150 Petaling Jaya
Malaysia
www.fortress.sg

CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Collyer Quay Centre
Singapore 049318

INDEPENDENT AUDITORS

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Liang Hongzhou
(a member of the Institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 28 February 2023)

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

INVESTOR RELATIONS

Teneo
22 Gemmill Lane #02-01
Singapore 069257
Email: fortressminerals@teneo.com

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#10-00
Singapore 049514

OCBC Bank (Malaysia) Berhad
60, Jalan Metro Prima, Metro Prima
52100 Kuala Lumpur
Malaysia

OCBC Bank (Malaysia) Berhad
Menara OCBC, 18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Malayan Banking Berhad
No.30&32, Jalan PJS 11/28a, Bandar Sunway
46150 Petaling Jaya, Selangor
Malaysia

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the board of directors of Fortress Minerals Limited ("**Fortress**" or the "**Company**" and collectively with its subsidiaries, the "**Group**"), I am delighted to present to you our annual report for the financial year ended 28 February 2023 ("**FY2023**").

It is our fourth year of listing on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Fortress remained resilient amidst the nascent recovery of economies in the region. Despite the early headwinds during the year, Fortress continued to be resolute in pursuing growth opportunities to support long-term growth prospects to add value to the business. As business activities return to normalcy, our dedicated team is focused on propelling growth and achieving ongoing success.

The creation of sustainable, lasting value for shareholders is our top priority as we continue our journey of becoming a leading mining group in the region.

Ready for the recovery

The economic environment though recovering, continues to display complexities. We continue to observe issues such as inflationary pressures, shifting supply chains and slower growth in the aftermath of the pandemic and geopolitical tensions. While we have secured our foothold in key opportunities that will allow us to expand our operations efficiently, we must remain consistent in our efforts to turn these opportunities into long-term strengths for the Group.

Key opportunities that we have captured and placed us in a strong position for growth include the continued expansion of Bukit Besi's Mineral Resource, the acquisition and commencement of production at Mengapur, and the exploration licenses obtained in Sabah. This is the beginning of the realisation of our broader strategic growth plan that provides support to shareholders' value in the current, near and long-term.

In terms of our growth strategy, we do not only look at it linearly but at other parallels, where we can leverage our expertise and diversify revenue streams. This will help us to build on our strong track record, broaden our commodity profile and increase our ability to harness new opportunities and key trends in our industry such as the energy transition and decarbonisation.

In essence, our goals go beyond being prepared for the recovery and look at how we can take a step further in future-proofing our operations.

Social responsibility, culture and well-being

Social responsibility is embedded in our company's values and the pandemic's impact has only strengthened our sense of community. At Fortress, enhancing business resilience and building sustainable growth goes hand-in-hand with achieving environmental, social and governance targets and being a responsible member of the ecosystems that we are a part of.

People are our most important resource, and we believe that by upholding our values and providing opportunities for our workforce to grow with the company, we will continue building an organisational culture that is conducive to the continued growth of our business.

Overall, the execution is as important to us as the positive outcomes.

CHAIRMAN'S MESSAGE

Maintaining open communications

At Fortress, we are committed to allocating resources to provide timely and accurate responses to analysts and investors. On a voluntary basis, we continue to release our financial statements quarterly to maintain transparent and regular communication with both current and potential shareholders. Our goal is to provide clear and timely disclosures to all our shareholders, and to establish ourselves as the preferred company for investors who are interested in the sector.

Throughout the year, we have maintained an open dialogue with the investing community, including hosting results briefings and conducting 1-on-1 meetings with investors and analysts. In addition, we provide broader investor communication through announcements on SGXNet, our corporate website at www.fortress.sg, as well as through our annual reports and annual general meetings.

Rewarding shareholders

As we gear up for the return to normalcy in FY2023, we continue to leverage our strategic assets and operational capabilities to produce positive results.

For FY2023, we maintained our intention of distributing not less than 25.7% of our Group's NPAT as we declared and paid a final dividend of 0.80 Singapore cents per share amounting to S$4.2 million to reward shareholders for their support.

We are confident in our strategic growth efforts in the upcoming year and we aim to generate positive outcomes for our shareholders. We will continue to pursue growth opportunities while exercising financial prudence and prioritising the interests of our stakeholders.

Appreciation

On behalf of the Board, I express my gratitude to all our employees and senior management team for their unwavering determination and resilience. Additionally, I extend our appreciation to our valued customers, business associates, and financiers, who have continually invested their confidence in us.

I would like to acknowledge our Board of Directors for your ingenuity, which have been a valuable source of guidance as we navigate through the current economic ambiguity.

With the current initiatives and strategies, we are confident in our ability to sustain and expand our growth trajectory going forward.

Chew Wai Chuen
Chairman and Independent Director

CEO'S MESSAGE

Dear Shareholders,

I am pleased to share Fortress' annual report for FY2023.

The previous year was marked by market instability, influenced by inflation fears, tight labour market conditions and aggressive monetary tightening. Nonetheless, as a growing miner and exporter of iron ore products in Malaysia, our persistent endeavours have led to yet another noteworthy year for the Group, where we have effectively increased our production to meet the robust customer demand.

During the year, we have accomplished another milestone with the successful dry run of operations at the Cermat Aman Sdn Bhd ("**CASB**") mine on 29 April 2022. With our deep expertise, we were able to commence production in the CASB mine within three months from the date of its commissioning. We are also looking to build a new integrated processing plant which will enhance production capability at the CASB mine. With the positive industry outlook and increasing demand, our Group is well-positioned for continued and strategic growth, and poised to capitalise on prospective opportunities.

We remain dedicated towards implementing our strategic expansion plans in a disciplined manner, with the objective of satisfying the demands of our customers, generating employment opportunities, and delivering value to our shareholders.

Operations Review

For FY2023, our Group sold 546,076 dry metric tonnes ("**DMT**") of iron ore concentrate which was the highest level since the Group's inception, increasing 52.8% from the year prior. Normalisation of production post-pandemic and strong demand from regional steel mills contributed to the increase in volume sold. This was also supported by the commencement of production at the CASB mine in July 2022.

As economic activity in the region normalises, the Group remains in a strong position to capture demand. To ensure that we have sufficient Mineral Resources for cost-efficient growth, we are continuing our efforts on the exploration and evaluation in the East, Valley and West Deposits at our Bukit Besi Mine. Our resource levels remain healthy with 6.73 million tonnes ("**Mt**") of Indicated and Inferred Mineral Resources with a high weighted average grade of 44.16% Fe.

Concurrently, we are continuing to build up production capabilities at the CASB mine in the near to medium term. The Group is looking to build a new integrated processing plant which will enhance production capability at the CASB mine and enable the Group to produce high grade iron ore, copper and pyrrhotite concentrate. Our Statement of Minerals Resource for both Bukit Besi Mine and CASB mine as at 28 February 2023 are presented below. Both Summary Qualified Person's Reports had been uploaded on our website and announced via SGXNET on 26 April 2023.

Connections with our business partners in the region remain of utmost importance, and we continue to maintain these valuable relationships. In Malaysia, we entered into a new nine-month offtake agreement with a third-party domestic steel mill in Malaysia on 4 April 2023 for approximately 270,000 wet metric tonnes ("**WMT**") of iron ore. This is a testament to the consistent demand for the Group's high grade iron ore concentrate, efficient business operations, and strong business relationships with our customers.

In our mission to explore new opportunities to bolster our sustainable growth and create long-term value for our shareholders, we are delighted to have been issued two new prospecting licenses in the Telupid and Tongod areas of Sabah, East Malaysia to prospect for nickel, copper and cobalt minerals. Exploration activities in these two areas commenced in May 2023. These prospecting licences offers the Group the opportunity to expand its commodities profile and diversify its revenue streams.

CEO'S MESSAGE

We have built a solid foundation for the Group's long-term growth strategy. By accessing new and existing mineral resource deposits, the Group will be able to secure a reliable source of raw materials. This will not only help to mitigate the risks associated with supply chain disruptions, but also enable the Group to maintain its competitive edge in an increasingly dynamic market. With a focus on innovation and sustainability, the Group is poised to unlock significant value for its stakeholders in the years to come.

Financial Review

Revenue and Profitability

Fortress Minerals reported revenue of US$53.5 million for FY2023, a 23.5% year-on-year ("**yoy**") increase mainly due to higher volume of iron ore sold. The Group saw record volume sold for FY2023 since the Group's inception, increasing 52.8% yoy to 546,076 DMT. There was an increase in costs, which is in tandem with the higher sales volume and inflation of certain production costs. The average unit cost of sales increased to US$26.38/WMT. This was attributable to the increase in cost of sales of US$5.8 million or 58.2% and mitigated by the increase in production volume of 206,511 WMT or 52.7%, resulting in an improvement in cost efficiency.

Net cash flow generated from operating activities for FY2023 remained robust at US$22.5 million, supported by strong EBITDA margins of 44.6%. Our Group's NPAT was US$12.1 million with an NPAT margin of 22.6%.

Financial Position

The Group's net assets increased to US$62.2 million as at 28 February 2023 from US$56.8 million as at 28 February 2022, mainly due to internally generated profits in FY2023 as a result of the Group's commitment to maximise shareholders' value.

As at 28 February 2023, the Group had total available cash of US$7.1 million* and recorded a positive working capital position of US$2.6 million. The cash and cash equivalents do not include the S$9.0 million raised from the Company's placement of 23,316,100 Placement Shares at S$0.386 per Placement Share, which was completed on 10 April 2023.

Net asset value per share was 12.45 US cents as at 28 February 2023 compared to 11.36 US cents as at 28 February 2022, supported by the Group's growth efforts, business resilience and strong balance sheet.

Cash Flow

For FY2023, the Group's net cash generated from operating activities was stable at US$22.5 million, after accounting for working capital inflow of US$1.6 million.

During FY2023, net cash flow used in investing activities decreased by US$25.9 million to US$10.2 million as compared to the net cash flow used of US$36.1 million in FY2022. The decrease was primarily attributable to decrease in purchase consideration for acquisition of subsidiaries of US$21.0 million, decrease in capital expenditure investments for both the CASB mine and Bukit Besi mine in mining properties and plant and equipment amounting to US$5.4 million and US$3.9 million

* Including money market fund.

CEO'S MESSAGE

respectively. This was offset by an increase in capital expenditure investments in exploration and evaluation assets of US$2.8 million and an increase in purchase of financial assets carried at fair value through profit or loss of US$1.5 million.

Net cash flow used in financing activities was US$13.4 million as compared to the net cash flow from financing activities of US$10.4 million in FY2022. The decrease of US$23.8 million was primarily due to absence of proceeds for bank borrowings of US$23.3 million to finance part of the acquisition of Fortress Mengapur and capital expenditure for CASB mine, increase in repayments of banks borrowings of US$2.6 million in accordance to the fixed repayment schedules, and increase in payments of lease liabilities of US$0.5 million. This was offset by decrease in dividends paid and short-term deposit pledged of US$0.9 million and US$2.0 million respectively.

Bukit Besi Mine Mineral Resource

In the 2022 calendar year, just over 6,700m of resource definition drilling was completed from 84 drillholes to support the magnetite mining operations at Bukit Besi.

An update of the Bukit Besi's Mineral Resource estimate ("**Bukit Besi 2023 MRE**") was prepared from drill datasets dated 28 February 2023 and a mine survey dated 30 December 2022. The drilling, sampling, survey, and estimation methodologies are described in a Summary Qualified Person's Report (Rev1 dated 26 April 2023). The Summary Qualified Person's Report had also been uploaded on our website and announced via SGXNET on 26 April 2023.

Leesa Collin, Principal Geologist and Director of MinOre Consulting Pty Ltd ("**MinOre**"), our independent consultant, has prepared the Bukit Besi 2023 MRE update for the Bukit Besi deposits to include new drilling information and mining depletion as of 28 February 2023. The Bukit Besi 2023 MRE was prepared and reported in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("**JORC**") guidelines. The Mineral Resource tabulation is formatted following the requirements in Appendix 7D of the Catalist Rules.

The updated and depleted mineral resource estimate for the Bukit Besi deposits is 6.7 million tonnes grading 44.16% iron, with a reporting date of 28 February 2023. The mineral resource estimates are classified as Indicated and Inferred following the JORC guidelines on a qualitative basis, considering numerous factors, including data quality (in particular sample recovery), geological complexity, data coverage, estimation validation and limited magnetite mass recovery data.

CEO'S MESSAGE

Date of report: 26 April 2023
Date of previous report: 26 April 2022
Bukit Besi Mineral Resource tabulation – 28 February 2023*

Area	JORC Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress		Change from previous update (%)	Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)		
West	Indicated	Iron	0.42	46.42	0.42	46.42	93.2	None
East	Indicated	Iron	0.16	37.60	0.16	37.60	na	1
Sub-Total	**Indicated**	**Iron**	**0.57**	**44.03**	**0.57**	**44.03**	**151.5**	**None**
West	Inferred	Iron	0.88	44.55	0.88	44.55	-15.4	None
Valley	Inferred	Iron	4.62	45.25	4.62	45.25	24.0	None
East	Inferred	Iron	0.66	36.16	0.66	36.16	17.8	None
Sub-Total	**Inferred**	**Iron**	**6.13**	**44.17**	**6.13**	**44.17**	**15.7**	**None**
Total Indicated + Inferred		**Iron**	**6.73**	**44.16**	**6.73**	**44.16**	**21.3**	**None**

Note:

* Based on a block cut-off grade of 10% Fe and magnetic susceptibility greater than 100 and sulphur less than 10%. Some discrepancies may occur due to rounding.
* No Ore Reserves or Mineral Reserves stated. Mineral Resources that are not Ore Reserves or Mineral Reserves do not have demonstrated economic viability. The Mineral Resource is limited to within the tenement boundary. Some discrepancies may occur due to rounding.

1 Classification update due to additional infill drilling within the East pit.

Name of Qualified Person/Competent Person: Leesa Collin/Leesa Collin
Date: 26 April 2023
Professional Society Affiliation/Membership: Australasian Institute of Mining and Metallurgy (MAusIMM)

Cautionary Note
MinOre cautions that there is a low level of geological and data confidence associated with Inferred Mineral Resources. There is no certainty that Fortress will realise any mine schedule based on these resources.

Competent Person Statement
The Competent Person responsible for the preparation and reporting of the Group's Bukit Besi 2023 MRE is Leesa Collin, who is a director and Principal Geologist of MinOre Consulting Pty Ltd. Leesa has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Competent Person Consent
Leesa Collin consents to the inclusion in this annual report of the matters based on the information in the form and context in which they appear.

CEO'S MESSAGE

Fortress Mengapur Mineral Resource

As part of the acquisition of Mengapur, an independent qualified person's report containing, amongst others, an updated Mineral Resource Estimate as at 26 October 2020 ("**2020 MRE Update**"), was uploaded onto SGXNET on 1 February 2021 as an Appendix to the Circular to Shareholders dated 1 February 2021. The 2020 MRE Update separated the iron resources into massive magnetite and brecciated magnetite mineralisation domains and the copper resources into pyrrhotite-hosted and skarn-hosted mineralisation domains. The Company completed the acquisition of Fortress Mengapur on 7 April 2021.

Since the acquisition in 2021, the Company has drilled 48 infill drillholes for 5,391 metres with sample analysis completed at both Bukit Besi and the Company's newly commissioned Mengapur laboratory. The updated MRE has incorporated this drilling with the existing drill data. Only drill data generated by Fortress and the previous owner Monument has been used to generate the pyrrhotite and magnetite resources. The skarn hosted copper resources were initially informed by only the Fortress and Monument data, any uninformed areas of the estimate after the initial pass were then informed by the lower confidence historic drilling completed prior to Monument's ownership of the deposit. Any material informed by the pre-Monument data was classified as Inferred. Any material classified as Indicated Resources has only been informed by the Fortress and Monument data.

The Mineral Resource is limited to within the CASB and SDSB mining lease boundaries and is also constrained within an optimised pit shell based on the recovery of copper only, no value was attributed to iron hosted by the magnetite units or the gold and silver or any other materials present on the mining leases. The parameters used in the pit optimisation were high level assumptions provided by Fortress based on the limited metallurgical test work to date. The parameters used are presented below;

- Costs
  - Mining cost – US$1.15/t rock
  - Process cost – US$10.27/t ore
  - Selling cost – US$23.82/t Cu conc
- Recoveries
  - Cu – 85%
- Price
  - US$10,000/t Cu
  - Cu Payability – 83%
- Slopes
  - 45 degrees
- Min grade – 0.3% Cu

Previously the copper mineralisation has been reported at a cut-off grade of 0.5% copper, which accounts for the increase in the copper resource. The reduction in the magnetite resource is a reflection of reporting the resource within the optimised pit shell based on the copper mineralisation.

Michael Andrew, working as an Executive Consultant with Snowden Optiro, prepared the Fortress Mengapur Mineral Resource update ("**Fortress Mengapur 2023 MRE Update**") and reported them in accordance with JORC guidelines. The following summary of the Mengapur Mineral Resources is formatted following the requirements set out in Appendix 7D of the Catalist Rules. More information can be found in the Summary QPR announced via SGXNET on 26 April 2023.

CEO'S MESSAGE

Date of report: 25 April 2023
Date of previous report: 26 April 2022
Fortress Mengapur Mineral Resource Estimate as at 28 February 2023

Classification	Cut-off grade	Mineralisation	Gross Attributable to Licences						Nett Attributable to Fortress						Change from previous update	Remarks
			Tonnes	Grade Fe	Grade Cu	Grade Au	Grade Ag	Grade S	Tonnes	Grade Fe	Grade Cu	Grade Au	Grade Ag	Grade S	Tonnes	
			Mt	%	%	g/t	g/t	%	Mt	%	%	g/t	g/t	%	%	
Indicated	0.3% Cu	Skarn Cu	20.30	20.76	0.41	0.12	7.26	4.60	20.30	20.76	0.41	0.12	7.26	4.60	N/A	1
		Pyrrhotite Cu	0.70	29.11	0.55	0.28	3.48	14.14	0.70	29.11	0.55	0.28	3.48	14.14		
		Sub Total	**21.00**	**21.03**	**0.42**	**0.13**	**7.13**	**4.92**	**21.00**	**21.03**	**0.42**	**0.13**	**7.13**	**4.92**		
	25% Fe	Skarn Magnetite	0.34	27.66	0.13	0.09	1.52	6.23	0.34	27.66	0.13	0.09	1.52	6.23		
		Breccia Magnetite	0.01	46.28	0.21	0.23	5.66	0.13	0.01	46.28	0.21	0.23	5.66	0.13		
		Sub Total	**0.34**	**28.01**	**0.13**	**0.09**	**1.60**	**6.12**	**0.34**	**28.01**	**0.13**	**0.09**	**1.60**	**6.12**		
Inferred	0.3% Cu	Skarn Cu	7.93	22.39	0.41	0.13	8.42	4.62	7.93	22.39	0.41	0.13	8.42	4.62	-8%	2
		Pyrrhotite Cu	6.96	29.26	0.60	0.27	3.56	13.75	6.96	29.26	0.60	0.27	3.56	13.75	13%	
		Sub Total	**14.89**	**25.60**	**0.50**	**0.19**	**6.15**	**8.89**	**14.89**	**25.60**	**0.50**	**0.19**	**6.15**	**8.89**	0%	
	25% Fe	Skarn Magnetite	1.38	27.80	0.13	0.12	1.35	5.89	1.38	27.80	0.13	0.12	1.35	5.89	-74%	3
		Breccia Magnetite	0.38	41.51	0.20	0.17	6.04	0.19	0.38	41.51	0.20	0.17	6.04	0.19	-93%	
		Sub Total	**1.76**	**30.75**	**0.14**	**0.13**	**2.36**	**4.67**	**1.76**	**30.75**	**0.14**	**0.13**	**2.36**	**4.67**	-84%	
Total	0.3% Cu	**Total Cu**	**35.89**	**22.93**	**0.45**	**0.16**	**6.72**	**6.56**	**35.89**	**22.93**	**0.45**	**0.16**	**6.72**	**6.56**	143%	1, 2
	25% Fe	**Total Magnetite**	**2.10**	**30.30**	**0.14**	**0.13**	**2.24**	**4.90**	**2.10**	**30.30**	**0.14**	**0.13**	**2.24**	**4.90**	-80%	1, 3

Notes:

1. No Indicated previously reported.
2. Change in cut-off grade from 0.5% Cu to 0.3% Cu, which accounts for the increase in the copper resource.
3. The reduction in the magnetite resource is a reflection of the reporting of the resource within the optimised pit shell based on the copper mineralisation.
4. The Mineral Resource is limited to within the CASB and SDSB mining lease boundaries and is also constrained within an optimised pit shell based on the recovery of copper only, no value was attributed to iron hosted by the magnetite units or the gold and silver or any other materials present on the mining leases.
5. Some discrepancies may occur due to rounding.

Name of Qualified Person/Competent Person: Michael Andrew/Michael Andrew
Date: 25 April 2023
Professional Society Affiliation/Membership: Australasian Institute of Mining and Metallurgy (MAusIMM)

Competent Person Statement

The Competent Person responsible for the preparation and reporting of the Fortress Mengapur 2023 MRE Update is Michael Andrew, who is an Executive Consultant with Snowden Optiro, mining industry consultants. Michael Andrew has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michael Andrew is a Fellow of the Australian Institute of Mining and Metallurgy (Membership No. 111172).

Competent Person Consent

Michael Andrew consents to the inclusion in this annual report of the matters based on the information in the form and context in which they appear.

CEO'S MESSAGE

Outlook

In the face of uncertainties and challenges in the current environment, the Group remain well-positioned to expand its production capabilities and focus on meeting the increased steel demand in the market.

Demand for the Group's iron concentrate from regional steel mills remains strong and is well supported by the nine-month offtake agreement announced on 19 April 2023. The Group's high grade iron concentrate continues to be a favourable determining factor in pricing and appetite for iron ore. Increased focus on high grade magnetite iron concentrate continues to underpin demand, supported by efforts to decarbonise the global iron ore and steel industry.

The Group continues to seek opportunities to grow its commodities portfolio prudently and in a disciplined manner via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide a competitive edge to tap on the demand.

Acknowledgements

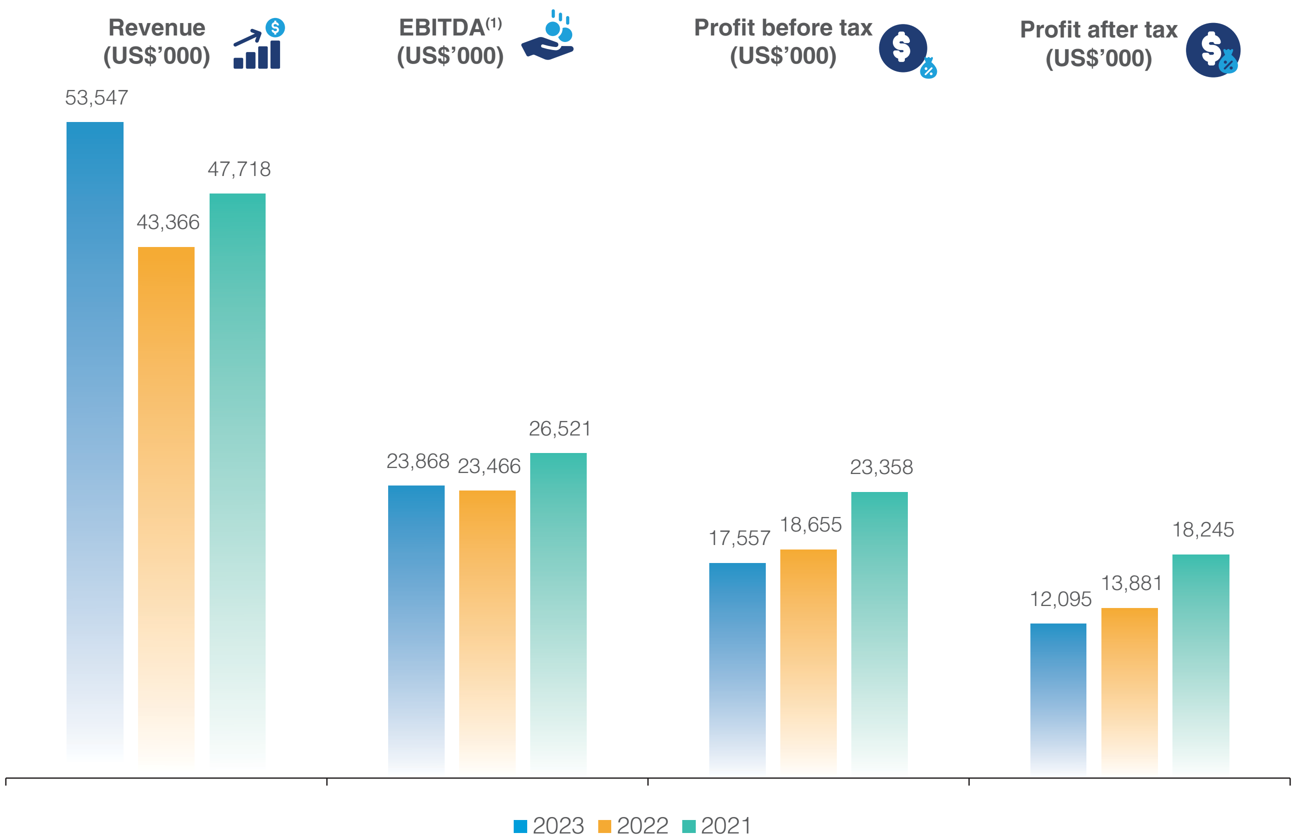
I would like to express my gratitude for the collaborations with our business associates, customers, employees, and the community to ensure our sustained growth. As we continue to pursue growth opportunities, we pledge to remain steadfast on our values and principles, to continue cultivating the strong relationships established within the regional iron ore ecosystem.

I would also like to thank our Board of Directors for their strategic counsel and guidance amidst the volatilities faced.

We have developed strong industry expertise and deep relationships in the region. We remain cautiously optimistic as we continue to execute on our next phase of growth to enhance long-term value going into FY2024.

Dato' Sri Ivan Chee
Executive Director and CEO
Fortress Minerals Limited

KEY FINANCIAL HIGHLIGHTS



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2023	FY2022	FY2021
US$'000	(MAR'22 – FEB'23)	(MAR'21 – FEB'22)	(MAR'20 – FEB'21)
Gross profit	37,752	33,381	36,466
Gross profit margin (%)	70.5	77.0	76.4
Profit before tax margin (%)	32.8	43.0	48.9
Net profit margin (%)	22.6	32.0	38.2
Earnings per share (US cents)	2.42	2.78	3.65

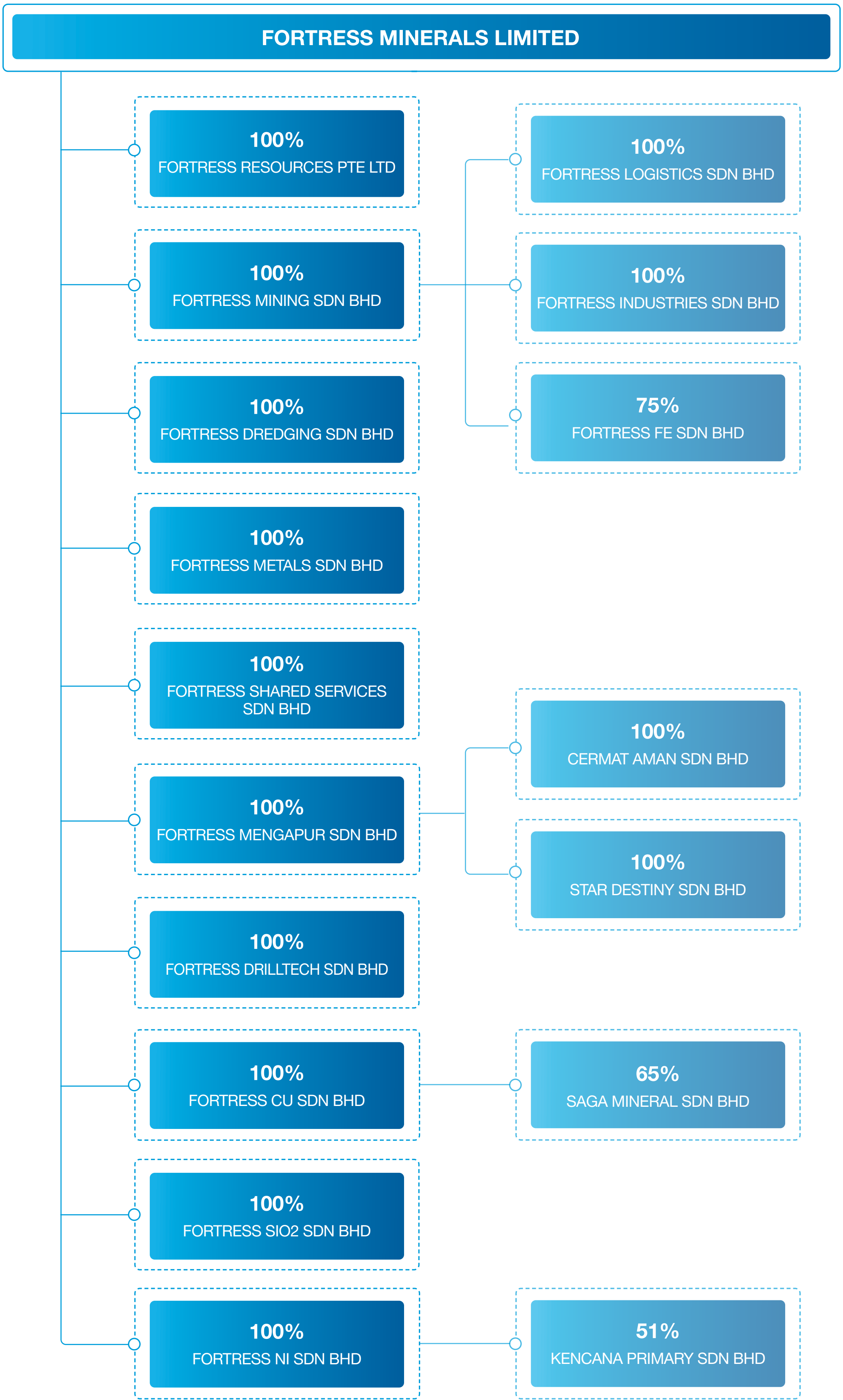
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US$'000	AS AT 28 FEB 2023	AS AT 29 FEB 2022	AS AT 28 FEB 2021
Non-current assets	73,236	74,264	26,285
Current assets	20,454	17,771	33,577
Non-current liabilities	13,614	20,204	2,722
Current liabilities	17,861	15,046	8,732
Equity attributable to owners of the Company	62,240	56,805	48,417
Net asset value per share (US cents)	12.45	11.36	9.68

Note:
(1) Earnings before interest, taxation, depreciation and amortisation.

GROUP STRUCTURE

AS AT 28 FEBRUARY 2023



GROUP STRUCTURE

Name of subsidiaries	Date/Place of incorporation & principal business	Percentage owned by the Group (%)	Principal activities
Fortress Mining Sdn. Bhd.	14 December 2010 Malaysia	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Resources Pte. Ltd.	8 November 2017 Singapore	100	Wholesale trade of a variety of goods without a dominant product
Fortress Logistics Sdn. Bhd.	3 September 2018 Malaysia	100	Transport of iron ore and minerals; renting of transport equipment and vehicles; supporting services for transport equipment and vehicles
Fortress Industries Sdn. Bhd.(1)	18 September 2018 Malaysia	100	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals
Fortress Dredging Sdn. Bhd.(1)	20 February 2020 Malaysia	100	Business of extraction, dredging and dealing of industrial sand; acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals
Fortress Metals Sdn. Bhd.(1)	8 April 2020 Malaysia	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress FE Sdn. Bhd.(1)	7 October 2020 Malaysia	75	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Shared Services Sdn. Bhd.	2 March 2021 Malaysia	100	Function as the centre of excellence and provide support across the Group's financial accounting, payroll, information technology, purchasing, corporate services and others
Fortress Mengapur Sdn. Bhd.	6 April 2011 Malaysia	100	Investment Holding
Cermat Aman Sdn. Bhd.	13 October 1997 Malaysia	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Star Destiny Sdn. Bhd.	14 February 2006 Malaysia	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Drilltech Sdn. Bhd.	11 May 2021 Malaysia	100	To carry on business as contractors for drilling and blasting works, other site preparation activities and mining work of any kind
Fortress Cu Sdn. Bhd.(1)	29 June 2022 Malaysia	100	Investment Holding
Fortress SiO2 Sdn. Bhd.(1)	26 October 2022 Malaysia	100	Investment Holding
Fortress Ni Sdn. Bhd.(1)	25 October 2022 Malaysia	100	Investment Holding
Saga Mineral Sdn. Bhd.	23 November 2020 Malaysia	65	Acquisition of mines, mining rights, quarries and trading in minerals
Kencana Primary Sdn. Bhd.	24 July 2017 Malaysia	51	Acquisition of mines, mining rights, quarries and trading in minerals

Note:
(1) The entity has been dormant since the date of its incorporation.

Saved as disclosed above, our Group does not have any other subsidiaries or associated companies. Our subsidiaries are not listed on any stock exchange.

BOARD OF DIRECTORS

CHEW WAI CHUEN
Chairman and Independent Director

CHEW WAI CHUEN is our Chairman and Independent Director, as well as the chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee respectively. He was appointed to our Board on 19 February 2019.

Mr. Chew is presently a non-executive director of Tungsten Mining NL, an Australian-based resources company listed on the Australian Securities Exchange and primarily focused on the exploration and development of tungsten projects in Australia, and the managing partner of Precious Capital Pte Ltd, a company engaged in the business of providing management and advisory services to mining companies in Australia and South East Asia.

Mr. Chew has more than 15 years of financial advisory experience, and specialises in the provision of corporate and wealth management for ultra-high net worth individuals. Prior to joining our Group, Mr. Chew served as banking relationship manager at Credit Suisse Singapore, United Overseas Bank, Standard Chartered Bank and OCBC Bank Singapore.

Mr. Chew graduated from The Chartered Institute of Marketing with a Postgraduate Diploma in Marketing in June 1998. Subsequently, he obtained his Bachelor's degree in Business Administration from Thames Valley University (formally known as University of West London) in February 2000.

DATO' SRI IVAN CHEE
Executive Director and CEO

DATO' SRI IVAN CHEE is our Executive Director and CEO, as well as a member of the Nominating Committee. He was appointed to our Board on 13 November 2017.

Dato' Sri Ivan Chee has been with our Group since 2011, and is currently responsible for the overall management and operations of our Group, including formulating, implementing and monitoring our Group's strategic directions, growth plans, financials and risk management.

Dato' Sri Ivan Chee has over 20 years of civil and structural engineering experience and approximately 12 years of experience in the mining industry. He had undertaken several iron ore mining projects since the early 2010s, and has built up his reputation and portfolio in the mining industry. Over the years, he has developed a wide network of industry contacts, ranging from industry professionals and specialists, steel mills and trading houses in the PRC and a broad network of investors in the region. His strong network has contributed significantly to the success of our Group.

Dato' Sri Ivan Chee is also presently a controlling shareholder and non-executive director of Norwest Minerals Limited, a gold and base metals exploration company listed on the Australian Securities Exchange.

Dato' Sri Ivan Chee obtained a diploma from Taylor's College Subang Jaya, Malaysia in December 1987. In 2018, he was awarded with the Legacy and Business Excellence of the Year award by the SME & Entrepreneurship Business Award in Malaysia.

NG MUN FEY
Executive Director and COO

NG MUN FEY is our Executive Director and COO. He was appointed to our Board on 19 February 2019.

Mr. Ng has been with our Group since 2015, and is currently responsible for the overall management and day-to-day operations of our Bukit Besi Mine and CASB Mine including but not limited to heading our Group's marketing, geology, mining, processing and other supporting divisions. He has approximately 8 years of relevant experience in the mining industry.

Prior to joining the Group, Mr. Ng served various positions in several private companies in the advertising, internet, publication and engineering consultancy industry. He graduated from the University of Southern Queensland with a Bachelor in Engineering Technology in September 2004.

BOARD OF DIRECTORS

WILLA CHEE KENG FONG
Non-executive and Non-independent Director

WILLA CHEE KENG FONG is our Non-executive and Non-independent Director. She was appointed to our Board on 19 February 2019.

Ms. Willa Chee is presently a Technical Engagement Partner for JobStreet.com Shared Services (SEEK Asia). She partners with the business and works on early engagement, advisory and execution planning of multiple key technology initiatives in Asia.

Ms. Willa Chee graduated from Cardiff University with a Bachelor of Science in Finance and Management in July 2015. She started her career as a Digital Marketer (Performance & Analytics Associate) with Dex Ventures Sdn Bhd. In 2016, she left the company and joined AirAsia Berhad. In the period of 4 years in AirAsia Berhad, Ms Willa has been moving roles from Digital Analyst to Associate Product Owner and prior to her exit in AirAsia, she worked as an UX Engineer. In 2020, she landed a role as a Technical Analytics Specialist for IPGA Management Services (REA Group Asia later PropertyGuru Group) focused on the area of online Analytics and Insights across Business.

Ms. Willa Chee is the daughter of our CEO, Dato' Sri Ivan Chee.

TEH LIP KIM
Non-executive and Non-independent Director

TEH LIP KIM is our Non-executive and Non-independent Director. She was appointed to our Board on 19 February 2019.

Ms. Teh has been with our Group since 2017 and has always served a non-executive function in our Group. She is presently the managing director and a substantial shareholder of Selangor Dredging Berhad, a property development company listed on Bursa Malaysia and which is the holding company of SDB Mining Sdn Bhd, a substantial shareholder of our Company.

Ms. Teh graduated with a Bachelor of Science (Honours) in Accounting and Economics from Southampton University in United Kingdom in June 1989. Subsequently in 1991, she completed her Masters in Shipping, Trade and Finance from the City University Business School in England.

LOONG CHING HONG
Non-executive and Non-independent Director

LOONG CHING HONG is our Non-executive and Non-independent Director, as well as a member of the Remuneration Committee. He was appointed to our Board on 19 February 2019.

Mr. Loong has been with our Group since 2017 and has always served a non-executive function in our Group. He is presently the group general manager of Selangor Dredging Berhad, a property development company listed on Bursa Malaysia and which is the holding company of SDB Mining Sdn Bhd, a substantial shareholder of our Company.

In addition, Mr. Loong is also presently a substantial shareholder and non-executive director of Norwest Minerals Limited, a gold and base metals exploration company listed on the Australian Securities Exchange.

Mr. Loong is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom.

BOARD OF DIRECTORS

ANITA CHEW CHENG IM
Independent Director

ANITA CHEW CHENG IM is our Independent Director, as well as the chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee respectively. She was appointed to our Board on 19 February 2019.

Ms. Anita Chew is presently an independent and non-executive director of several companies listed on Bursa Malaysia Berhad, namely Kimlun Corporation Berhad, K-One Technology Berhad, SKP Resources Berhad and Kuchai Development Berhad.

Ms. Anita Chew has substantial experience in the investment banking industry with a focus on corporate finance work including advising on initial public offerings, funds raising and corporate and debt restructuring exercises. She also has extensive experience as an independent director of listed companies gained from her multiple past and present directorships in various companies listed on Bursa Malaysia and the Hong Kong Stock Exchange.

Ms. Anita Chew graduated from Monash University, Australia in April 1990 with a Bachelor of Economics, majoring in Accounting.

GOH KAH IM
Independent Director

GOH KAH IM is our Independent Director, as well as the chairman of the Audit Committee. He was appointed to our Board on 19 February 2019.

Mr. Goh is presently a freelance management consultant and an independent director of SKP Resources Berhad, a company listed on Bursa Malaysia Berhad.

Prior to this, he had held various senior managerial positions in Oxford University Press Group, a department of the University of Oxford and in the steel industry working for one of the largest companies in Australia, BHP/BlueScope Group. In addition, Mr. Goh also served as group accountant at Star Cruise Sdn Bhd and audit senior at Deloitte Kassim Chan, an international public accounting firm based in Kuala Lumpur.

Mr. Goh graduated from the University of Otago, New Zealand in 1989 with a Bachelor of Commerce (Accounting) degree. He is currently a Chartered Accountant registered with the Malaysian Institute of Accountants.

KEY EXECUTIVE

FIONNE CHUA

FIONNE CHUA is our Financial Controller, and she joined our Group in May 2017.

As our Financial Controller, Ms. Chua primarily manages all the finance and accounting operations of our Group, coordinates and directs the preparation of the budget and financial forecast and report, prepares and publishes timely monthly financial statements, and coordinates the preparation of regulatory reporting. Further, Ms. Chua is responsible for issues on compliance, ensures quality control over financial transactions and financial reporting, and develops and documents business processes and accounting policies, in order to maintain and strengthen internal controls.

Ms. Chua obtained her qualification from the Association of Chartered Certified Accountants, United Kingdom in 2000. She is currently a Chartered Accountant registered with the Malaysian Institute of Accountants.

SUSTAINABILITY REPORT

Introduction

Fortress Minerals Limited ("**Fortress**" or the "**Company**", "**we**", "**us**") and collectively with its subsidiaries, (the "**Group**") are pleased to present the Group's Sustainability Report for the financial year ended 28 February 2023 ("**FY2023**") highlighting our sustainability efforts and initiatives during the year. This is our third year of reporting covering areas from our efforts to preserve the environment, protecting employees' well-being and supporting our communities.

This report describes our environmental, social and governance ("**ESG**") risks and opportunities which are considered material to our business and significant to our stakeholders. We reviewed our policies, processes, procedures to better understand our practices and identified areas of improvements to enhance our reporting on ESG risks and opportunities in FY2023.

This report is prepared in accordance with the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") guided by the Global Reporting Initiative sustainability standards – Core Option ("**GRI Standards**"). We have chosen the GRI Standards reporting guidelines as it represents the global best practice for reporting on an organisation's sustainability impacts.

This Sustainability Report had not been prepared for climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). The Group is in the midst of identifying and assessing the climate-related risks and opportunities affecting our business operations. When available, the Group will include climate-related disclosures in the subsequent sustainability reports, and no later than the sustainability report to be issued for the financial year ending 28 February 2025.

Unless otherwise stated, this Sustainability Report covers sustainability performance of the operations of the Group in FY2023.

Assurance

Internal controls and verification mechanisms have been established by management to ensure the accuracy and reliability of narratives and data. The Group has subjected our sustainability reporting process to internal review by our internal auditors, as required by Rule 711B (3) of the Catalist Rules. The Board of Directors will continue to assess if external assurance is required for the subsequent sustainability reports.

Feedback

We welcome stakeholders' feedback on our Sustainability Report and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Sustainability Report may be emailed to corporate@fortress.sg.

Our Sustainability Story

Vision

Our vision is to build a truly great Malaysian company that our families can be proud of. We strive to cultivate a nurturing working environment to foster the growth of the Company's talents.

Mission

We dedicate our efforts to exploring new opportunities, building a sustainable business and ensuring the well-being of our team members. We are committed to value creation to optimise the wealth of our stakeholders.

SUSTAINABILITY REPORT

Sustainability Philosophy and Board Statement

With the full support from the Board, the management establishes practices to address and manage material ESG factors. The Board has considered sustainability issues as part of its strategic formulation, determined material ESG factors and overseen the management and monitoring of the material ESG factors. The Board is looking at integrating these core values such as growth, integrity, teamwork, and innovation into decision-making and actions by considering the needs of our stakeholders and finding new and innovative solutions that create mutual benefit.

At Fortress, we had developed and adhere to our policies and risk assessment tools such as Environmental, Health and Safety policy, Anti-bribery and anti-corruption policy, Whistle-blowing policy and Hazard Identification, Risk Assessment and Risk Control ("**HIRARC**") which are aligned to our business objectives, goals and vision, that enables us to deliver leading performance and effectively manage risks. We are confident that by supporting our corporate strategies that lay down the minimum acceptable requirements incorporated into our business approach, this would enable us to create long-term value taking into consideration of the ecological, social and economic environment. These policies and practices are directed by the senior management of the Company in consultation and approval by the Board of Directors. The team led by our Chief Executive Officer ("**CEO**") and Chief Operating Officer ("**COO**") is tasked to, amongst others, develop the policies and practices, review its material impacts, consider stakeholder priorities and set goals and targets.

Stakeholders' Engagement

We understand the substantial impact that our stakeholders contribute towards the success of our business. They are highly essential in our journey towards a sustainable future and thus the Group recognises the importance of being transparent and timely in connecting with our stakeholders.

The Group constantly engages in meaningful and productive dialogues with our stakeholders as we identify key stakeholders as groups which have material impact or could potentially be impacted by our operations. In the reporting for FY2023, we are pleased to include several materiality topics addressing our key sustainability matters identified as part of our Group's sustainability strategies and performance as we embark on a journey to capture, add value and promote sustainability growth.

The table below summarises our key stakeholders, engagement platforms and their key concerns.

Key Stakeholders	Area of Concern	Addressing Expectation
 **Government and regulators** *We believe that our Company would be able to flourish with the help of our government and regulators. We constantly update the regulatory requirements to enhance business operation and to support economic growth.*	• Health and safety • Environmental pollution • Regulatory requirements • Economic issues • Taxes and royalties	• Controlling waste and environmental hazards • Managing air emission • Site inspections on a quarterly basis and engagement with Department of Occupational Safety and Health ("**DOSH**") in designing controls measures to tackle safety and well-being of workforce, as well as environmental compliances • Engaged consultants to assist with environmental compliance • Constantly monitor the updates in regulatory requirements • Code of Conducts and Ethics

SUSTAINABILITY REPORT

Stakeholders' Engagement (cont'd)

Key Stakeholders	Area of Concern	Addressing Expectation
Employees *Employees are essential to our day-to-day operations as they help us to achieve our vision and mission.*	• Employees' health and safety • Diversity/inclusion • Compensation and benefits and welfare • Career development	• Site visits and audits ensuring employees adhered to health and safety policies • Ensuring workplace safety and wellbeing of the workforce through DOSH • Fair and safe workspace practices • Recruitment policy • Annual review on payroll package and recruitment packages • Annual employee appraisal • Training and development courses
Customers *Our customers are our main supporters. Therefore, we are committed to mining quality iron ores to meet customers' expectation.*	• Product and service quality • Protection of customer privacy • Pricing and contracts • Timeliness in delivery	• Upholding the Company's brand by producing quality iron ore in a timely manner to meet customers' expectations • Personal communication and contract negotiations • Non-Disclosure Agreement ("**NDA**") are acknowledged by both parties
Business Partners and Suppliers *Business partners and suppliers provide the necessary products and services for our businesses to operate in an efficient manner.*	• Fair treatment • Professional and transparent procurement operations • Timely payments • Sustainable supply chain management • Contract terms and conditions • Compliance to Anti-bribery and anti-corruption regulations	• Daily engagements • Contract negotiations • Anti-bribery and anti-corruption policy • Close monitoring of credit terms and maintaining reliable payment processes for timely payments
Community *We believe in investing in communities to enhance their quality of life. An estimated of 96% (2022: 97%) of our employees are locally employed. In addition, we frequently give back by donating to charitable organisations.*	• Impact of operations on community • Talent recruitment and training • Social inclusion, local community development and caring for the less fortunate	• Training and development courses • Emphasis on local hires and purchases • Donations to charitable organisations

SUSTAINABILITY REPORT

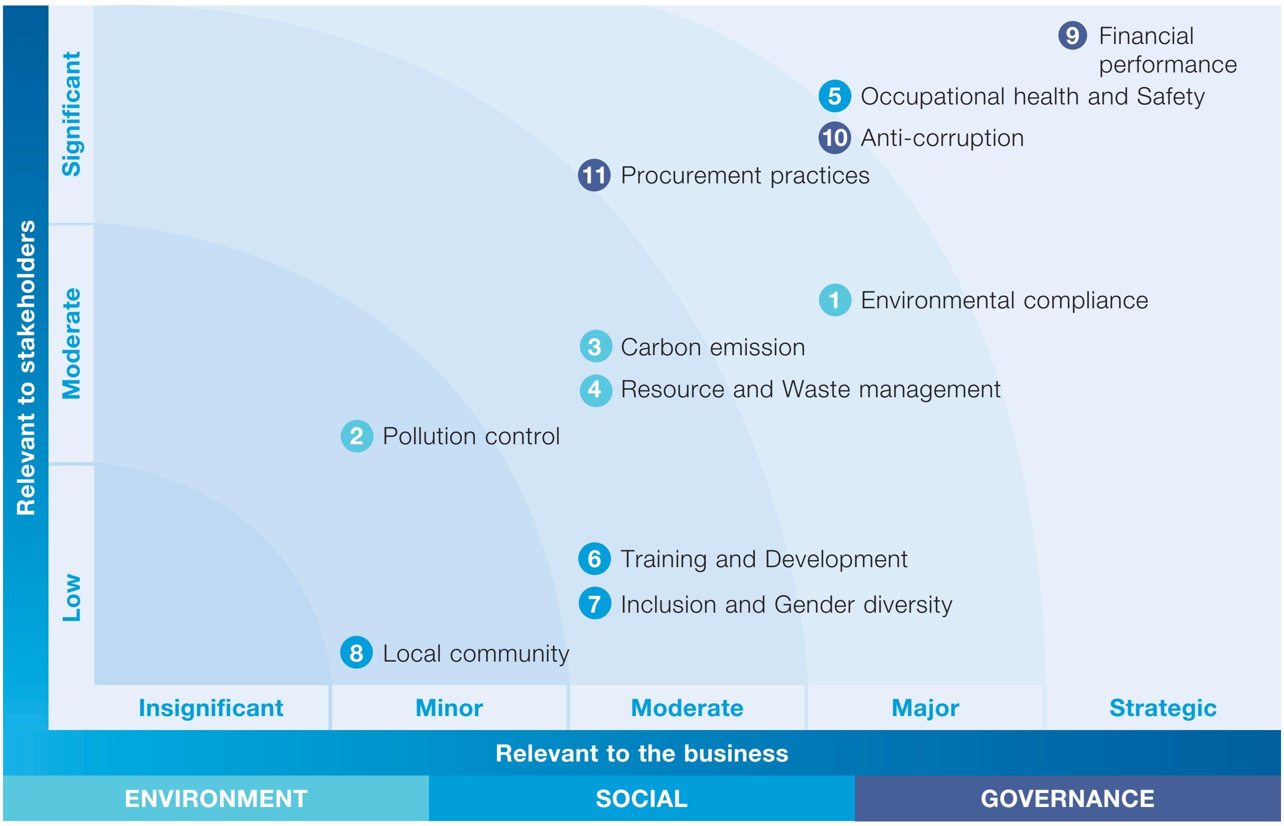
Stakeholders' Engagement (cont'd)

Key Stakeholders	Area of Concern	Addressing Expectation
Shareholders/Investors *Shareholders and investors invest in our company with the expectation they can generate financial returns.*	• Effective business strategies • Effective communications and timely reporting • Sound corporate governance practices • Long-term growth of business	• Annual General Meeting ("**AGM**") • Extraordinary General Meeting ("**EGM**") • Announcements such as press releases and quarterly financial results will be published via SGXNET and corporate website • Anti-bribery and Anti-corruption policy • Whistle-blowing policy

Materiality Assessment and Key Sustainability Matters

Fortress had performed an assessment to identify the material sustainability risks and opportunities relating to the ESG factors and will update when necessary. These assessments were carried out with Heads of Department and process owners to evaluate the applicability and relevance of previously identified material sustainability matters to the business operations and stakeholders. After material sustainability matters were identified, these matters were mapped based on its relevance to stakeholders and significance to the Group's business.

From the assessment, the following 11 key sustainability matters were identified and remained unchanged since the previous Sustainability Report for FY2022, as outlined in the graph below:



Each of these key sustainability matters are explained in more detail in subsequent sections of this report.

SUSTAINABILITY REPORT

Sustainability Highlights for FY2023

Material ESG Factors	FY2023 Sustainability Performance
Environmental	
Energy	(a) Recorded no harmful emissions nor spill in our operations. (b) Intensity ratio for GHG emissions decreased by 12%.
Water management	(a) 100% usage of rainwater for washing plant and ball mill. (b) Intensity ratio for water consumption increased by 23.1%.
Air & Noise emissions	Maintained within the allowable limits.
Waste management	Increase in 547% of waste generated compared to FY2022 due to increase in production activities.
Compliance	ZERO incidents of environmental non-compliance.
Social	
Occupational health and Safety	(a) ZERO incidents of non-compliance with local COVID-19 laws and regulations. (b) Total number of four (4) accident cases. (c) Total lost time injury ("**LTI**") – 6,110 days (d) Total recordable injury frequency ("**TRIF**")[1] 1.18 per 200,000 hours worked. (e) One (1) incident of work-related fatalities. (f) ZERO significant incidents of non-compliance with the workplace Safety and Health Act.
Training and Development	(a) Increased training hours by 230% and had carried out refresher trainings for the relevant personnel. (b) Increased 120% of the training investment per year for employees. (c) No incidents of material breach of employment laws.
Local[2] community	Donated US$134,803 to local communities.
Inclusion and Gender diversity	(a) 96% of local staffs employed. (b) Target for achieving 100% engagement rate in conducting performance appraisals was met. (c) 54% of staff turnover rate. (d) Female employment in Board composition 37.5%. (e) 29% female employment in executive and managerial positions due to the nature of mining industry.
Governance	
Compliance with SGX-ST listing rules or the Code of Corporate Governance	ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.
Whistle-blowing	One (1) incident of Whistle-Blower Complaint.
Anti-bribery and Corruption	ZERO incidents of non-compliance with anti-corruption regulations.
Procurement practices	Exceeded 80% of procurement with local[2] suppliers.
Suppliers' assessment	Maintained at least 80% annual evaluation rating for key suppliers.

Notes:

(1) TRIF : TRIF is calculated based on the number of recorded work-related injury hours divided by annual number of hours worked (i.e. manhours for FY2023) and multiplied by standard 200,000 hours.

(2) Local : Comprises the regions/countries where the Company and its subsidiaries operate, i.e. Malaysia and Singapore.

Our ambitions and target

Zero

Incident of environmental non-compliance

100%

Compliance with environmental laws and regulations

Reduce GHG

Water Management

Air & Noise

Waste Management

Compliance

SUSTAINABILITY REPORT

The Group is primarily involved in iron ore operations. Protecting and cleaning up the environment form a significant part of our operations. We recognise that our operations have direct impact on the land, air, water and ecosystems of the surrounding areas as well as significant economic, social and cultural impacts on the local communities in the areas we operate in.

A. Environmental

We aligned our detailed specific topics to material sustainability matters in the materiality matters section.

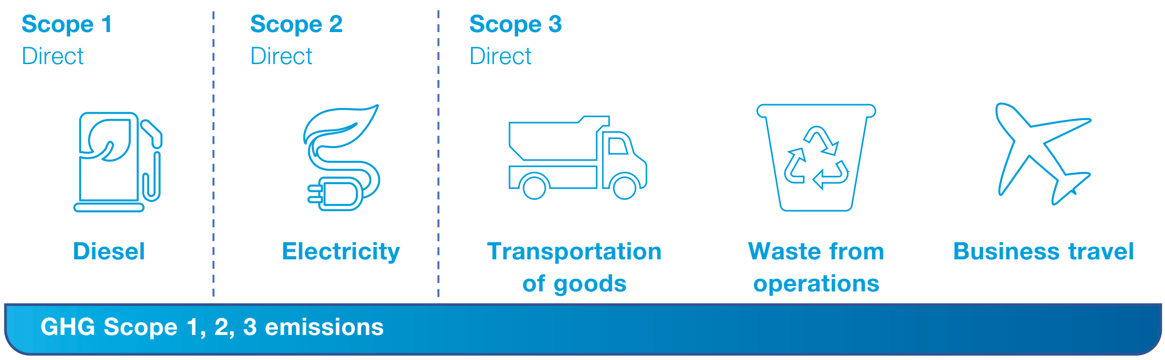
Material Topics	Material Sustainability Matter
GRI 302: Energy	• Resources and Waste management • Carbon emission
GRI 303: Water management	• Resources and Waste management
GRI 305: Air & Noise emissions	• Pollution control • Environmental compliance
GRI 306: Waste management	• Pollution control • Environmental compliance
GRI 307: Compliance	• Pollution control • Environmental compliance • Carbon emission

Energy

We are constantly exploring new technologies to reduce carbon footprint and to be more energy efficient in our operations.

Our Group produce greenhouse gas ("**GHG**") generated from use of diesel and electricity, transporting goods to our customers, waste generated from our operations and business traveling. We are aware that diesel consumption will have an impact on the environment. We will actively review our operations to gain an insight into how the energy consumption for our mining operations can be further improved. We will also proactively perform the necessary research to better understand how we can adopt and implement alternative sources of energy and green initiatives for our daily operations.

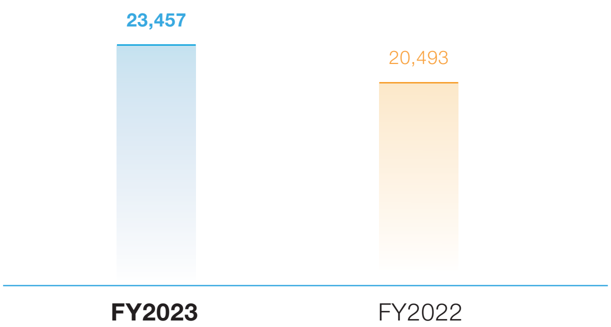
The following are the scope of carbon emissions that are relevant to our Group, as defined by the GHG Protocol.



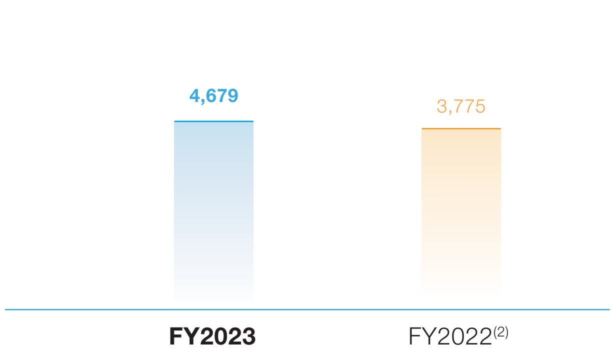
SUSTAINABILITY REPORT

Energy (cont'd)

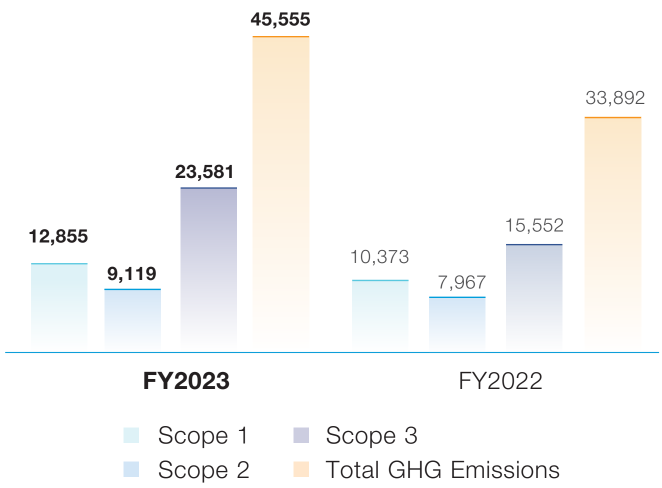
Electricity Consumption kWh ('000)



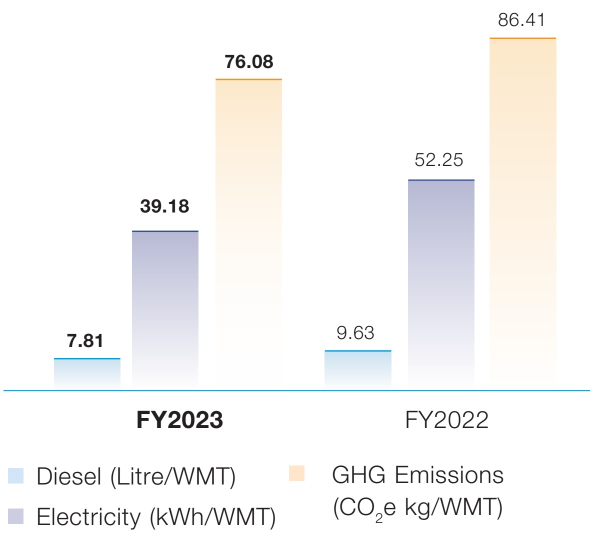
Diesel Consumption Litres ('000)



GHG Emissions ("CO_2e")(1), (2) (Tonne)



Intensity ratio(4)



Notes:

(1) Carbon Emission Factors were sourced from U.S. Environmental Protection Agency's Emission Factors for GHG as at 18 April 2023, www.epa.gov/climateleadership. Only CO_2, CH_4 and N_2O emissions are included in the calculation of GHG emissions.

(2) FY2022 data is updated to include Mengapur mine.

(3) The above data includes Bukit Besi mine, Mengapur mine and HQ office.

(4) Intensity figures are computed based on production volume ("WMT") for FY2022 and FY2023.

SUSTAINABILITY REPORT

Energy (cont'd)

Due to the increase in production volume, the consumption of electricity and diesel had increased by 14.5% and 23.9% respectively, which resulted in an increase in carbon emissions for FY2023. However, intensity ratios had declined for diesel, electricity and carbon emissions in FY2023 which is primarily attributed to our Group's efforts to reduce carbon footprint and conserve energy.

We will continue to evaluate and assess the impact of our operations on the GHG emissions, explore alternative methods to conserve energy and strive for continuous improvement to reduce the carbon footprint and to be more energy efficient in our operations.

Target for FY2023	Performance for FY2023	Target for FY2024
Aim to maintain the record of not having harmful emissions nor spill.	Recorded no harmful emissions nor spill in our operations.	Aim to maintain the record of not having harmful emissions nor spill.
No intensity ratio target had been set for FY2023.	Intensity ratio for GHG emissions decreased by 12%.	Aim to reduce intensity ratio for GHG emissions y-o-y by 1%.

Water management

Water is an extremely important resource for the mining industry. We continue to manage our operations effectively to minimise water consumption to create a stable landform and prevent environmental contamination.

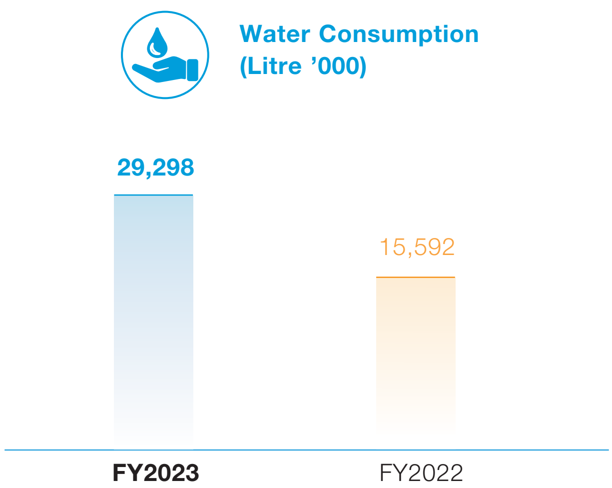
Water used for the activities of mining operations are as follows:

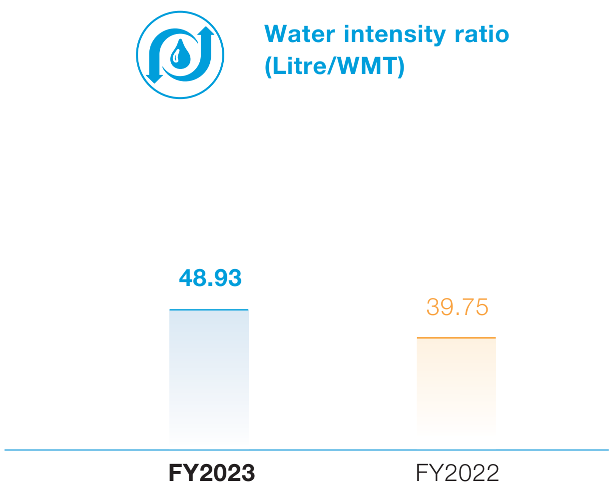
- Exploration works;
- Operations of processing plant to produce concentrate ore; and
- Domestic usage.

Fortress has two (2) processing plants in Bukit Besi and one (1) processing plant in Mengapur with each equipped with its treatment system to ensure the water is treated to be reused. This will minimise the discharge hence reducing the impact on the nearby water bodies.

Monthly tests are carried out by independent accredited laboratories to ensure that the water comply within the standard as stipulated by the local authority. Data is regularly being monitored and assessed to ensure no impact of the operation on the local water resources.

While for clean water, we consume it for our basic needs such as cooking and drinking.





Water management (cont'd)

Target for FY2023	Performance for FY2023	Target for FY2024
Continue to maintain the 100% usage of rainwater for washing plant and ball mill.	100% usage of rainwater for washing plant and ball mill.	Continue to maintain the 100% usage of rainwater for washing plant and ball mill.
No intensity ratio target had been set for FY2023.	Intensity ratio for water consumption increased by 23.1% due to increase in headcount.	Aim to reduce intensity ratio for water consumption y-o-y by 1%.

Air pollution

It is inevitable for air pollution to occur due to the nature of mining operation and we put in all possible efforts to control air quality in iron ore operating areas to reduce emissions such as dust. We use air-misting process to bring down dust in the operation areas. Dust has a significant health and environmental impact associated within many areas of the mining industry. Any dust poses a threat to workers' health, as well as having a significant impact on the running costs of machinery at our mines.

During FY2023, Fortress engaged 3 environmental consultants, ES Laboratories (M) Sdn Bhd and KenEP Laboratories (M) Sdn Bhd at Bukit Besi and Tri Jati EHS Services Sdn Bhd at Mengapur, to analyse and provide feedback on the air emission. The objective of the test was to ensure particulate matters, metals and gaseous substances emitted from the chimney of our factories do not exceed the safety level and comply with the Environmental Quality (Clean Air) Regulations 2014. The licensed external party had selected several sampling point locations.

The air pollution was kept to a level below the specified parameters set by Department of Environment ("**DoE**") as indicated in the quarterly environmental monitoring reports. We will continue to maintain the air pollution level within the parameters set by DoE.

Noise pollution

Noise pollution is contributed through our mining and production processes in both our mining sites. In ensuring our noise pollution is kept below the Maximum Permissible Sound Level ("**LAeq**"), we had engaged professional consultants during FY2023 to assist with the monitoring of noise emission. Based on the Designated Industrial Zones and in accordance with the Schedule 1, Annex A in the Planning Guidelines for Environment Noise Limits and Control, from DoE, the recommended noise levels for daytime are at 70 A-weighted decibels ("**dBA**") and at night at 60 dBA. The method used to detect noise is based on the ISO 1996 Sound Level Meter & Octave Filter. We maintained the noise level within the specified parameters set by DoE as indicated in the quarterly environmental monitoring reports.

Fortress' Target for FY2023 and FY2024	Performance for FY2023
Continue to maintain air and noise pollution within the allowable limits.	Maintained air and noise pollution within the allowable limits.

SUSTAINABILITY REPORT

Waste management

During our mining and processing operations, we generated both minerals and non-minerals wastes categorised as scheduled wastes. We have internal controls in place to limit any adverse impact to the environment which include appointment of scheduled waste contractors, who are approved by the DoE, to dispose the wastes when the waste bins are full. Types of wastes are as shown in Table 1.

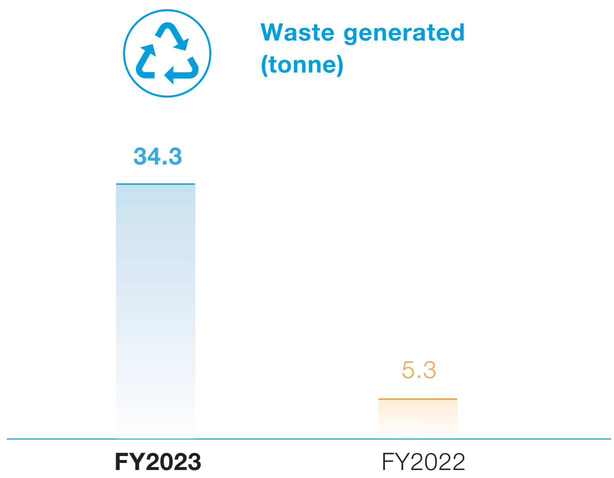
All scheduled wastes are required to be disposed within the period of 6 months from the period it is generated, with weight not exceeding 20 tonnes. Due to the overall toxicity in the environment, we continue to be vigilant and monitor the waste to ensure we adhere to the local regulations.

The waste generated for FY2023 had increased by approximately 6.5 times primarily due to the increase in use of heavy machineries in our operations which led to a significant increase in used engine oil waste for FY2023. This is in line with our significant increase in production volume.

Our Group had made efforts to reduce the impact of increased waste generated by disposing the oil waste to third party oil recyclers and will continue to maintain our efforts in recycling.

No.	Waste Code	Type of waste
1	SW102	Waste of used batteries
2	SW303	Hydroseeding tackifiers
3	SW305	Used Engine Oil, Lubricating Oil
4	SW306	Used Hydraulic oil
5	SW322	Non-Halogenated Organic Solvent
6	SW404	Clinical Waste
7	SW408	Contaminated soil
8	SW409	Contaminated Glass Bead, Chemical Container
9	SW410	Contaminated Air Filter, Lab Glove, Used Oil Filter
10	SW421	Lab waste
11	SW430	Obsolete Lab Chemical

Table 1: List of schedule waste for FY2023



Fortress' Target for FY2023 and FY2024	Performance for FY2023
To reduce the production of waste on a y-o-y basis.	Increase of 547% in waste generated compared to FY2022 due to increase in production activities.

SUSTAINABILITY REPORT

Compliance

An environmental monitoring system had been set in place since the commencement of operations to help Fortress monitor or address the potential impact on pollution. One of the processes involves implementing strict measures, whereby we worked closely with the environmental consultants to ensure our operations comply with standards required by the DoE. We are proud to announce that we complied with the guidelines from the DoE for our mining site at Bukit Besi and Mengapur in FY2023.

An environmental audit was carried out by the DoE on 15 December 2022 at Mengapur and the table below is the list of areas highlighted by DoE and actions taken by Fortress in addressing the concerns:

Areas of enhancement	Actions taken by Fortress
Water quality were within the allowable limits except for certain parameters due to surface runoff after rainfall.	Regular inspections will be performed after rainfall to ensure the water quality maintain within the allowable limits.
Total suspended solid for sediment basin discharge had exceeded the limit of 50mg/L due to heavy rainfall.	Regular inspections will be performed after rainfall to ensure the accumulated sediments maintain within the allowable limits.

Continuing professional development is certainly what we embrace. We assisted our officer to earn his professional certification to demonstrate that our personnel is keeping pace with today's technical roles and requirements. One of our environment personnel is a "Certified Environmental Professional in Scheduled Waste Management" who is regarded as competent in both the knowledge, and handling of specific environmental requirements/standards and in accordance with the legal requirements.

Fortress' Target for FY2023 and FY2024	Performance for FY2023
To maintain ZERO incidents of environmental non-compliance.	ZERO incidents of environmental non-compliance.

Our ambition and target

At least **80**% Local employment	At least **80**% Local Procurement	**Reduce** Total recordable injury frequency (TRIF)*	**Zero** Whistle-blower complaints	**Zero** Work-related injuries and fatalities at Fortress Operation

Social
Our People and Community

"We strive to build strong and lasting relationships with the community where we operate".

**per 200,000 hours worked*

SUSTAINABILITY REPORT

B. Social

Material Topics	Material Sustainability Matter
GRI 403-1: Occupational health and Safety	Occupational health and Safety
GRI 404-1, 404-2, 404-3: Training and Development	Training and Development
GRI 413-1: Local community	Local community
GRI 405-1: Diversity and Equal opportunity	Inclusion and Gender diversity

Occupational health and Safety

Fortress believes that our employees are our greatest asset, and safeguarding their health and safety is essential to our operations. Therefore, complying strictly with workplace safety regulations at all production facilities is our top priority. Our safety strategy focuses on eliminating fatalities and reducing injuries during our daily operations. To achieve our target, we have established operating procedures and practices based on the Occupational Safety and Health ("**OSH**") guidelines, safety training for new joiners and carry out quarterly OSH Committee meetings.

One of our colleagues lost his life in the course of his work on repairing and maintenance of a heavy machinery. We are deeply saddened by this loss and we are determined to learn from this unfortunate incident and spread the lessons from this incident throughout our organisation so we can help prevent similar incidents from recurring. Consequently, we had provided a safety awareness training to all mechanics employed with us on the procedures and safety guidelines for handling of heavy machineries.

Safety awareness training on the procedures and guidelines for handling of heavy machineries

Amid the COVID-19 pandemic, we worked tirelessly to provide a conducive and safe work environment for our employees and have undertaken various initiatives in compliance with the Occupational Safety and Health Act 1994 and other applicable laws and regulations. With the current COVID-19 situation, SOPs and physical distancing were developed and we continue to conform to it as the safety and health of our employees at our workplace is our top priority to prevent any spread of the contagion.

Fire Safety Training

As part of our continuous efforts to protect our employees' well-being, we provide regular safety awareness training to our employees throughout the year. During the year, we had also provided our employees with fire safety training to ensure that they know how to prevent workplace fire, the use of fire extinguisher to extinguish a fire and most importantly, to equip them with the know-how to keep themselves safe and healthy during emergencies.

SUSTAINABILITY REPORT

Occupational health and Safety (cont'd)

Although we continue to maintain our efforts and measures in place, major accident cases had increased to 4 cases in FY2023 as compared to 1 case in FY2022. Overall, the Group's lost time injury ("**LTI**") increased significantly, as shown below:

Details	Major Cases[1]		Minor Cases[2]		Near Misses[3]	
	2023	2022	2023	2022	2023	2022
Total accidents	4	1	0	0	0	0
Total LTI – Days	6,110[4]	6	0	0	0	0

Table 2: No. of accidents and LTI days

Notes:

(1) Major accidents that cause employees to be on medical leave for more than four (4) days.

(2) Minor accidents that cause employees to be on medical leave for four (4) days and below or without any injuries.

(3) Near misses are incidents that has the potential to cause but does not result in human injury, environmental or equipment damage, or on interruption to the Group's normal operations.

(4) Fatal accident represents lost time injury of 6,000 days.

Fortress' Target for FY2023 and FY2024	Performance for FY2023
ZERO incidents of non-compliance with local COVID-19 laws and regulations.	Maintained ZERO incidents of non-compliance with local COVID-19 laws and regulations.
To continuously monitor and reduce the number of accident cases as compared to previous financial year.	Total number of (4) accident cases.
To continuously monitor and maintain/reduce the number of LTI to an acceptable level.	Total LTI – 6,110 days
To continuously monitor and maintain/reduce the total recordable injury frequency ("TRIF") per 200,000 hours worked to an acceptable level.	TRIF of 1.18 per 200,000 hours worked.
ZERO work-related fatalities or permanent disabilities.	One (1) incident of work-related fatalities.
ZERO significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act.	Maintained ZERO significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act.

Training and Development

At Fortress, we encourage our employees to reach greater heights at their career development. We invest in our employees by providing them with training and development programmes ranging from technical and professional skills to safety aspects. These training programs are to ensure our employees are fully equipped and updated with the latest knowledge and skills needed in our daily business and operations.

SUSTAINABILITY REPORT

Training and Development (cont'd)

Identifying the training needs is the responsibility of the respective Head of Departments ("**HOD**"). We identify employee training programmes through our yearly performance appraisal assessment conducted by the respective HODs with the assistance from Human Resource Department. Several topics were discussed during the performance appraisal sessions i.e. challenges faced while on the job, timeliness in task completion, etc. Through the performance evaluation assessment, HODs identified skill gaps and weaknesses of each employee and categorise suitable training programmes required by the employees.

Training on Ergonomics at Workplace

In FY2023, we continued with our training programmes covering areas such as organisational, professional and personal development to environmental, health and safety, and Anti-Bribery & Corruption ("ABC") trainings. All our employees had attended ABC trainings during their onboarding process. Additionally, we had also conducted ABC refresher trainings for 37 executive employees representing 35% of total executive employees in FY2023.

Year	HRDF yearly contributions	HRDF actual utilisation	Total Training	Average training hours
	US$	US$	Hours	Hours per employee
FY2023	38,728	(12,176)	1,317.5	3.0
FY2022	17,637	(5,666)	399.5	1.2

Table 3: Fortress' employees training data

In FY2023, we had provided more opportunities for our employees to attend more trainings as we value our employees' career development and hope they can enhance their skills sets, stay updated and remain proficient in their respective expertise.

Target for FY2023	Performance for FY2023	Target for FY2024
To increase 30% of the training hours annually for employees and to carry out refresher trainings for older employees on health and safety matters.	Increased training hours by 230% and had carry out refresher trainings for the relevant personnel.	To maintain/increase average training hours per employee.
To increase 30% of the training investment per year for employees.	Increased 120% of the training investment per year for employees.	To maintain/increase training investment per year for employees.
No material breach of employment laws.	No incidents of material breach of employment laws.	No material breach of employment laws.

SUSTAINABILITY REPORT

Local community

In aligning with our vision and mission, our dedication did not confine to only investing in the growth of our people, but our sustainability efforts are extended to our local community in the countries where we operate.

In FY2023 and FY2022, Fortress invested and contributed to local communities, businesses and government as follows:

Country	FY2023		FY2022	
	Amount (US$)	%	Amount (US$)	%
Malaysia	112,990	83.8	41,025	52.9
Singapore	21,813	16.2	36,570	47.1
Total	**134,803**	**100.0**	**77,595**	**100.0**

Table 4: Contribution made to local communities

Fortress' Target for FY2023 and FY2024	Performance for FY2023
Continue to engage with the local communities with such support.	Donated US$134,803 to local communities.

Inclusion and Gender diversity

In supporting local talent, Fortress emphasises inclusion and gender diversity, which creates equal opportunities for all gender and ethnicity. We are committed to employ, develop and promote employees based on their merit as we do not tolerate any form of unlawful discrimination such as bullying or harassment. Our aim is to create a stronger workforce and positive working environment whereby all employees would feel safe and included.

Our employees get together for a lunch party in celebration for the Hari Raya Holidays

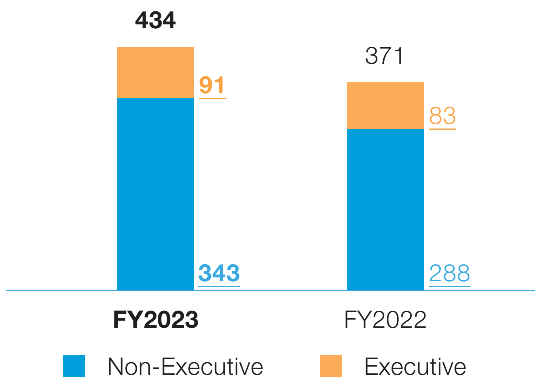
We believe that the Group will thrive by creating an inclusive working environment that offers equal opportunity to all employees as they would bring in their unique perspectives, experiences, and ideas that aid in achieving a sustainable future. Due to the nature of our business, our employees are naturally male dominated, to narrow the gap on inequality we have hired a talent pool of women to assist in the other departments.

SUSTAINABILITY REPORT

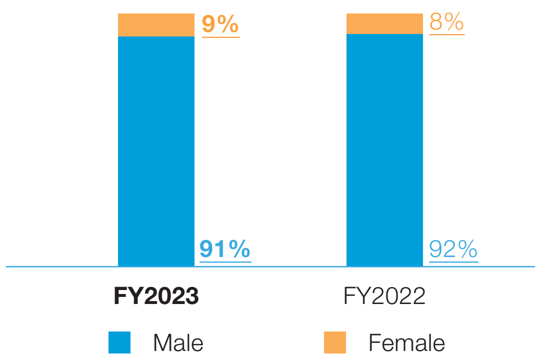
Inclusion and Gender diversity (cont'd)

Highlights of our workforce

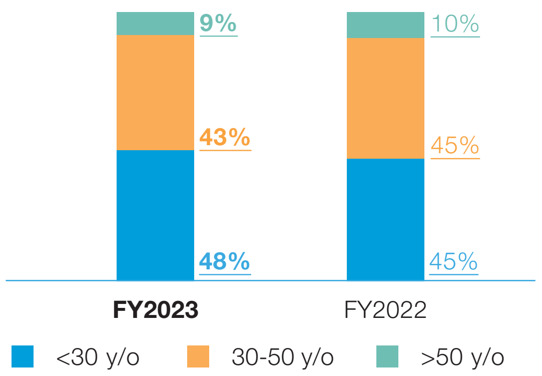
Total Number of Employees by Employee Category



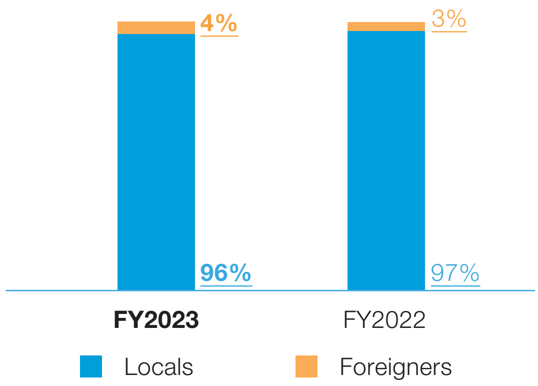
Total Number of Employees by Gender



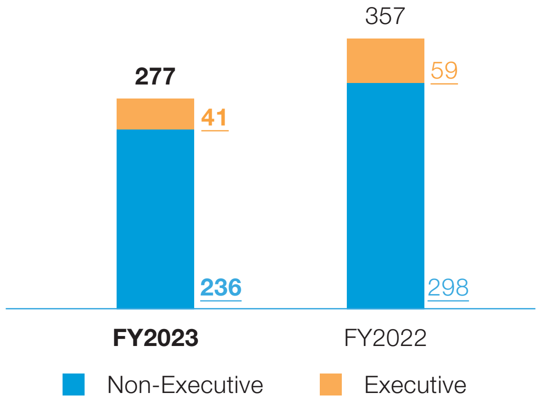
Total Number of Employees by Age Group



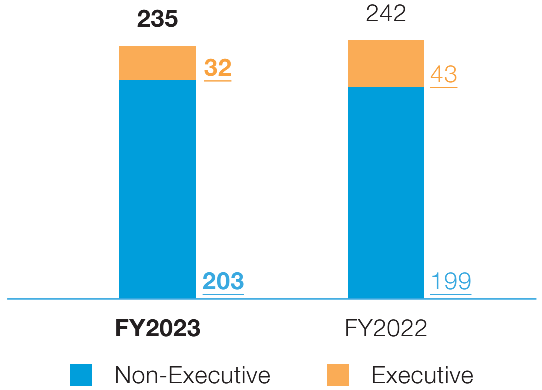
Total Number of Employees by Locals or Foreigners



Total Number of New Hires



Total Number of Turnovers

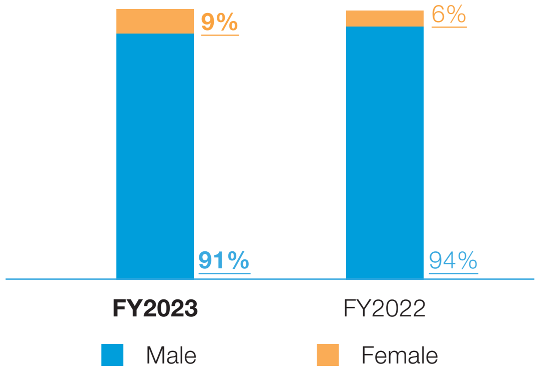


SUSTAINABILITY REPORT

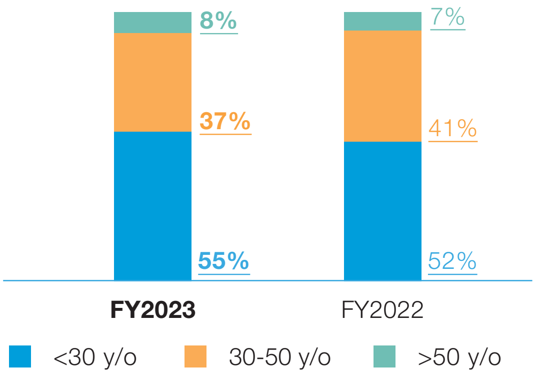
Inclusion and Gender diversity (cont'd)

Breakdown of New Hires

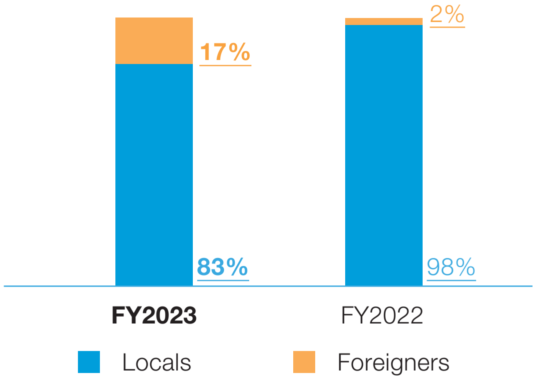
By Gender



By Age

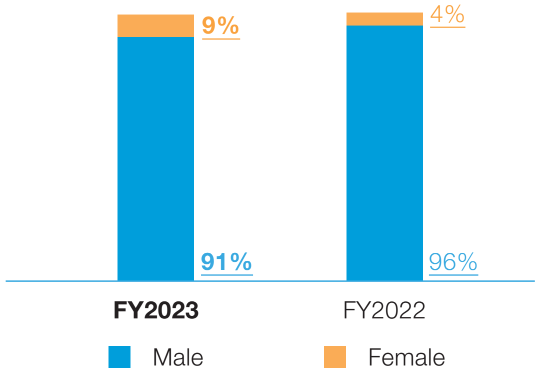


By Locals or Foreigners

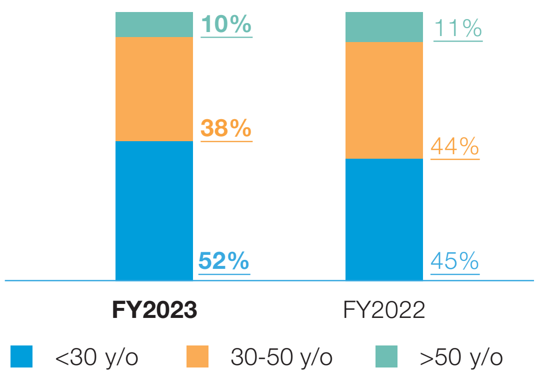


Breakdown of Turnovers

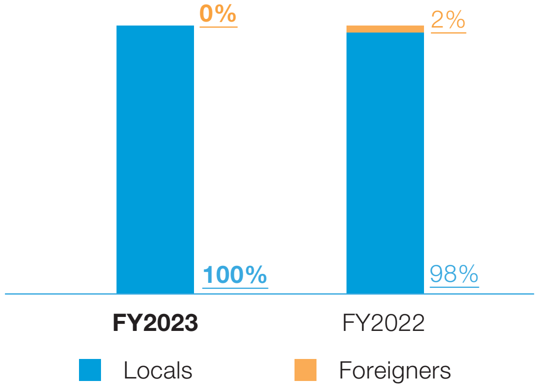
By Gender



By Age



By Locals or Foreigners



Note:

(1) FY2022 data is updated to include Mengapur mine.

SUSTAINABILITY REPORT

Inclusion and Gender diversity (cont'd)

We recognise that the mining industry is typically dominated by men. At Fortress, our female employees represented 9% (FY2022: 8%) of the total workforce. Our female employees might encounter challenges working at our mines located in remote areas. However, we do provide opportunities for our female employees to work in our mines if they are willing to work at the challenging environment.

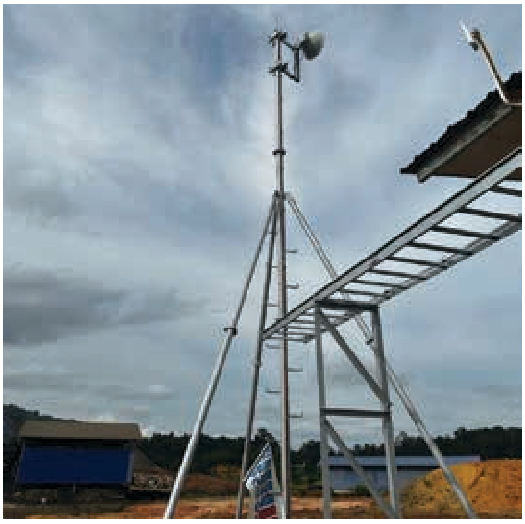
We provide equal employment opportunity without discriminating our candidates against their race, religion, colour, age, gender, sexual orientation, gender identity and expression, ethnicity, national origin, religion, disability, pregnancy, political affiliation, union membership, covered veteran status, protected genetic information or marital status. This includes hiring and employment practices such as wages, promotions, rewards, and access to training.

The majority of our Group's workforce are within the age group of below 30 years old which comprises 48% (FY2022: 45%) of total employees whereas the remaining age group of 30-50 years old comprises of 43% (FY2022: 45%) and experienced employees, who are above 50 years old comprises of 9% (FY2022: 10%).

Our Board comprises talented individuals from diverse backgrounds and they are the foundation to our Group resiliency in this disruptive and volatile economic environment. The Board is to ensure that the principles of sustainability are integrated into the Group's strategies, policies, and procedures to promote sustainable practices. We believe that we would be able to benefit from practicing inclusion and gender diversity throughout the Board.

Fortress aims to achieve 33% of female participation at Board level. For FY2023 and FY2022, the women participation at Board level remained at 37.5%, demonstrating the achievement of our goals for gender balance at Board level.

We value all of our employees as we understand that the success of the company is through the hard work of our employees. As such, the Group provides fair remuneration and other benefits on par or better compared with other players in the industry. We also commit to provide our employees with a good and positive working environment by ensuring our infrastructures are modern and well-kept.



Infrastructure improvement to improve internet connectivity at our mining sites.

Target for FY2023	Performance for FY2023	Target for FY2024
Maintain at least 80% of local employment.	96% of local staffs employed.	Maintain at least 80% of local employment.
Performance appraisal for all employees annually.	Achieved 100% engagement rate.	Performance appraisal for all employees annually.
Maintain a low turnover rate of below 15%.	54% of staff turnover rate, including site labourers.	Maintain/reduce staff turnover rate to below 50%, including site labourers.
Maintain 1/3 female representation at Board level.	Female representation at Board level of 37.5%.	Maintain 1/3 female representation at Board level.
Maintain female employment in business (executive and managerial level) over 25%.	29% female employment in executive and managerial positions due to the nature of the mining industry which typically is dominated by men.	Maintain female employment in business (executive and managerial level) over 25%.

Our Ambition and Target

Business integrity

Zero
Bribery and corruption practice and charge

Gender diversity

37.5% (Board)
& Increasing
(at executive level and Managerial)
Female employment in business

Governance

“Strengthening our culture of integrity across our operations and businesses. We are committed to building a culture which is inclusive and empowering for people of all kinds.”

- **Whistle-blowing**
- **Anti-Corruption**
- **Procurement Practices**
- **Suppliers’ Assessment**
- **Financial Performance**

SUSTAINABILITY REPORT

C. Governance

Material Topics	Material Sustainability Matter
GRI 205-2: Anti-corruption	Anti-corruption
GRI 201-1: Financial performance	Financial performance
GRI 204: Procurement practices	Procurement practices
GRI 414-1: Suppliers' assessment	Procurement practices and Evaluation rating

Governance Structure

We believe a strong governance structure and a clear line of accountability enables the Group to deliver its commitment to sustainability. The Group's efforts towards sustainable operations are driven by the directives and inputs from the Board and management. On a yearly basis, the Group sets the Company's strategic direction together with the Company's sustainability goals for the Board's approval.

The roles of each level of the structure are as follows:

Board:
The Board oversees the formation of sustainability strategies and their implementation.

Senior Management:
Fortress' Senior Management comprises of the Chief Executive Officer ("**CEO**") and Chief Operating Officer ("**COO**"). They set the strategies and action plans relating to sustainability matters to be presented to the Board for approval.

Operational management:
The operational management team consists of the various heads of department. The team implements and executes the approved strategies and the day-to-day operations and meets on a monthly basis whereby sustainability topics are discussed alongside other operational matters. The team also reports the results of operational activities and sustainability topics to Senior Management.

SUSTAINABILITY REPORT

Whistle-blowing policy

Since FY2022, we published our whistleblowing policy on our corporate's website for community complaints and grievances from our stakeholders with regards to our operations. This allows us to improve our investigation, management, and analyse issues and the impact on the community. Stakeholders can report fraud, corrupt practices and/or abuse at our whistle-blowing hotline at whistleblow@fortress.sg.

We monitor our whistle-blowing and other policies regularly, ensuring these policies are updated to prevent and avoid any improprieties such as corruption and money laundering activities. The whistleblowing policy is overseen and monitored by the Audit Committee to ensure a safe channel for stakeholders to report improprieties within the organisation. Further details on the Company's whistleblowing policy are available on our corporate website at www.fortress.sg.

We achieved zero incidents when contracts with business partners were terminated or not renewed due to violations related to corruption for FY2023. However there was 1 whistleblowing report received in FY2023 through the Company's whistleblowing channel. The procedures as set out in the whistleblowing policy have been adhered to in the handling of this report (FY2022: Zero cases).

Anti-corruption

It is the Group's policy to conduct its business with integrity, competence and professionalism while achieving the highest ethical standard and in full compliance with all applicable legal requirements.

The implementation of the corporate liability provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 was enforced on 1st June 2020. This places obligations on commercial organisations to have adequate procedures in place to prevent associated persons from committing acts of corruption as stated in MACC (Amendment) Act 2018.

At Fortress, corruption in any form is strictly prohibited as we adopt a zero-tolerance approach on corruption and bribery. We are committed to work with other businesses, government, and society to fight against corruption as we are aware of the enforced regulatory and legislative activities to promote fair trade practice. With that being said, we had established an Anti-Bribery and Corruption ("ABC") policy which took effect on 7 October 2020. In order to emphasize our commitment to adopting zero-tolerance on corruption and bribery, we had embedded the Group's ABC policy within the Code of Conduct and both policies are made available on our corporate website at www.fortress.sg.

Fortress' Target for FY2023 and FY2024	Performance for FY2023
ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.	Maintained ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.
ZERO incidents of Whistle-Blower Complaints.	One (1) incident of Whistle-Blower Complaint.
ZERO incidents of non-compliance with anti-corruption regulations.	Maintained ZERO incidents of non-compliance with anti-corruption regulations.

SUSTAINABILITY REPORT

Financial performance

The Group strives to achieve strong financial performance to create wealth for our stakeholders and support sustainability initiatives and practices.

The financial performance of the Group is reviewed by the Audit Committee and the Board on a regular basis.

Details of our financial performance can be found in the audited financial statements, which have been prepared in accordance with Singapore Financial Reporting Standards (International) and the provisions of the Companies Act 1967 of Singapore. The audited financial statements can be found in the Group's Annual Report 2023 available online at SGXNet and www.fortress.sg.

Procurement practices

Fortress' purchases include technical purchases, urgent purchases, stock item purchases and non-stock item purchases. To strengthen the procurement practices, the Company had set up the procurement standard operation procedures to evaluate its suppliers which, amongst others, include the following:

- Purchases are approved in accordance to the Authority Limit;
- A minimum of three (3) Request for Quote ("**RFQ**") is obtained prior to making a purchase;
- The technical department is required to counter check the brand, model and specifications prior to making the purchase; etc.

In supporting local community, at least 80% of raw materials, equipment, services and etc. are sourced locally in the countries where we operate. The table below illustrates our contribution to local community in FY2023 and FY2022.

Country	FY2023		FY2022	
	Amount (US$)	%	Amount (US$)	%
Singapore	969	3.5	742	1.5
Malaysia	22,719	83.0	43,045	84.2
Others*	3,692	13.5	7,315	14.3
Total	**27,380**	**100.0**	**51,102**	**100.0**

* Others consist of countries such as Australia, China, Germany, Indonesia, United Kingdom and United States of America.

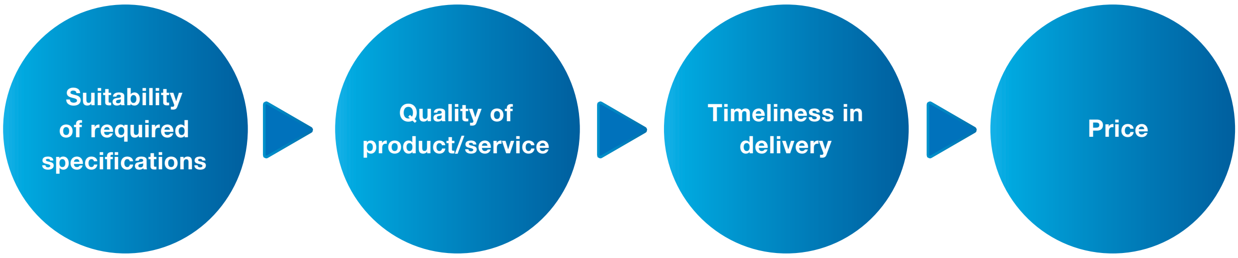
Fortress is keen for the use of technology as a way of delivering world class production service. Our Group aspire to the use of technology to improve the efficiency of the procurement process. Presently, Fortress is assessing and evaluating the procurement process and is actively searching for ways to enhance the process.

SUSTAINABILITY REPORT

Suppliers' assessment

Fortress is guided by the Group's "Policies and Procedures for Procurement" to achieve cost-effective, efficient, and sustainable procurement.

Our vendors are selected based on several criteria such as:



In managing strong suppliers' governance, Fortress had adopted the following in FY2023.

(a) All new suppliers are required to complete the "New Business Partner Registration Form"; and

(b) Development of anti-bribery and anti-corruption policies which includes the business partners: – "Guideline on Due Diligence for Employees and Business Association" policy in place to assist the Company in conducting due diligence on employees and/or business associates.

Fortress' Target for FY2023 and FY2024	Performance for FY2023
To maintain a minimum of 80% of goods and services to be procured locally.	Exceeded 80% of procurement with local suppliers.
To maintain at least 80% annual evaluation rating for key suppliers.	Maintained at least 80% annual evaluation rating for key suppliers.

SUSTAINABILITY REPORT

GRI CONTENT INDEX – CORE OPTION

GENERAL DISCLOSURE	GRI STANDARD	DISCLOSURE	REFERENCE
Organizational profile	102-1	Name of the organization	Fortress Minerals Limited
	102-2	Activities, brands, products, and services	Annual Report FY2023 ("AR"), Page 1: Corporate Profile
	102-3	Location of headquarters	AR, Page 2: Corporate Information
	102-4	Location of operations	AR, Page 1: Corporate Profile
	102-5	Ownership and legal form	AR, Page 1: Corporate Profile
	102-6	Markets served	AR, Page 1: Corporate Profile
	102-7	Scale of the organization	AR, Page 1: Corporate Profile, Page 168: Statistics of Shareholdings
	102-8	Information on employees and other workers	AR: Sustainability Report ("SR"), Pages 30 – 37: Social: Human Capital
	102-9	Supply chain	AR: SR, Page 41: Procurement practices
	102-10	Significant changes to the organization and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	AR: SR, Page 19: Sustainability Philosophy
	102-12	External initiatives	AR: SR, Page 19: Stakeholders' Engagement
	102-13	Membership of associations	Not applicable
Strategy	102-14	Statement from senior decision-maker	AR: SR, Page 19: Board Statement
	102-15	Key impacts, risks, and opportunities	AR: SR, Page 21: Materiality Assessment and Key Sustainability Matters
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	AR: SR, Page 19: Board Statement
	102-17	Mechanisms for advice and concerns about ethics	AR: SR, Page 19: Sustainability Philosophy Page 34: Inclusion and Gender diversity Page 40: Anti-corruption
Governance	102-18	Governance structure	AR: SR, Page 39: Governance Structure

SUSTAINABILITY REPORT

GRI CONTENT INDEX – CORE OPTION (CONT'D)

GENERAL DISCLOSURE	GRI STANDARD	DISCLOSURE	REFERENCE
Stakeholder engagement	102-40	List of stakeholder group	AR: SR, Page 19: Stakeholders' Engagement
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	AR: SR, Page 19: Stakeholders' Engagement
	102-43	Approach to stakeholder engagement	AR: SR, Page 19: Stakeholders' Engagement
	102-44	Key topics and concerns raised	AR: SR, Page 19: Stakeholders' Engagement Page 21: Materiality Assessment and Key Sustainability Matters
Reporting practice	102-45	Entities included in the consolidated financial statements	AR, Page 13: Group Structure
	102-46	Defining report content and topic Boundaries	AR: SR, Page 21: Materiality Assessment and Key Sustainability Matters
	102-47	List of material topics	AR: SR, Page 21: Materiality Assessment and Key Sustainability Matters
	102-48	Restatements of information	No revision of information
	102-49	Changes in reporting	No changes in Reporting
	102-50	Reporting period	1 March 2022 to 28 February 2023
	102-51	Date of most recent report	FY 28.2.2022
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions regarding the report	AR, Corporate Information
	102-54	Claims of reporting in accordance with the GRI Standards	AR: SR, : GRI CONTENT INDEX (this document)
	102-55	GRI content index	AR: SR, : GRI CONTENT INDEX (this document)
	102-56	External assurance	The Company may consider seeking external assurance in the future.

SUSTAINABILITY REPORT

MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
Environmental			
Energy GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 24 – 26: Energy
	103-2	The management approach and its components	AR: SR, Page 24 – 26: Energy
	103-3	Evaluation of the management approach	AR: SR, Page 24 – 26: Energy
	302-1	Energy consumption within the organization	AR: SR, Page 24 – 26: Energy
	302-3	Energy intensity	AR: SR, Page 24 – 26: Energy
Water management GRI 303: Water and Effluents 2018	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 26 – 27: Water management
	103-2	The management approach and its components	AR: SR, Page 26 – 27: Water management
	103-3	Evaluation of the management approach	AR: SR, Page 26 – 27: Water management
	303-5	Water consumption	AR: SR, Page 26 – 27: Water management
Air and Noise GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 27: Air pollution Page 27: Noise pollution
	103-2	The management approach and its components	AR: SR, Page 27: Air pollution Page 27: Noise pollution
	103-3	Evaluation of the management approach	AR: SR, Page 27: Air pollution Page 27: Noise pollution
	305-1	Direct (Scope 1) GHG emissions	AR: SR, Page 24 – 26: Energy Page 27: Air pollution Page 27: Noise pollution
	305-2	Energy indirect (Scope 2) GHG emissions	AR: SR, Page 24 – 26: Energy Page 27: Air pollution Page 27: Noise pollution
	305-3	Other indirect (Scope 3) GHG emissions	AR: SR, Page 24 – 26: Energy Page 27: Air pollution Page 27: Noise pollution
	305-4	GHG emissions intensity	AR: SR, Page 24 – 26: Energy Page 27: Air pollution Page 27: Noise pollution

SUSTAINABILITY REPORT

MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS (CONT'D)

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
Environmental (cont'd)			
Waste management GRI 306: Waste 2020	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 28: Waste management
	103-2	The management approach and its components	AR: SR, Page 28: Waste management
	103-3	Evaluation of the management approach	AR: SR, Page 28: Waste management
	306-3	Management of significant waste-related impacts	AR: SR, Page 28: Waste management
Compliance GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 29: Compliance
	103-2	The management approach and its components	AR: SR, Page 29: Compliance
	103-3	Evaluation of the management approach	AR: SR, Page 29: Compliance
	307-1	Non-compliance with environmental laws and regulations	AR: SR, Page 29: Compliance
Social			
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	103-2	The management approach and its components	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	103-3	Evaluation of the management approach	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	401-1	New employee hires and employee turnover	AR: SR, Page 34 – 37: Inclusion and Gender diversity
Occupational health and Safety GRI 403: Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 31 – 32: Occupational health and Safety
	103-2	The management approach and its components	AR: SR, Page 31 – 32: Occupational health and Safety
	103-3	Evaluation of the management approach	AR: SR, Page 31 – 32: Occupational health and Safety
	403-9	Work-related injuries	AR: SR, Page 31 – 32: Occupational health and Safety
	403-10	Work-related ill health	AR: SR, Page 31 – 32: Occupational health and Safety

MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS (CONT'D)

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
Social (cont'd)			
Training and Development GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 32 – 33: Training and Development
	103-2	The management approach and its components	AR: SR, Page 32 – 33: Training and Development
	103-3	Evaluation of the management approach	AR: SR, Page 32 – 33: Training and Development
	404-1	Average hours of training per year per employee	AR: SR, Page 32 – 33: Training and Development
Local community GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 34: Local community
	103-2	The management approach and its components	AR: SR, Page 34: Local community
	103-3	Evaluation of the management approach	AR: SR, Page 34: Local community
	413-1	Operations with local community engagement, impact assessments, and development programs	AR: SR, Page 34: Local community
Inclusion and Gender diversity GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	103-2	The management approach and its components	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	103-3	Evaluation of the management approach	AR: SR, Page 34 – 37: Inclusion and Gender diversity
	405-1	Diversity of governance bodies and employees	AR: SR, Page 34 – 37: Inclusion and Gender diversity

SUSTAINABILITY REPORT

MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS (CONT'D)

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
Governance			
Anti-corruption GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 40: Anti-corruption
	103-2	The management approach and its components	AR: SR, Page 40: Anti-corruption
	103-3	Evaluation of the management approach	AR: SR, Page 40: Anti-corruption
	205-1	Operations assessed for risks related to corruption	AR: SR, Page 40: Anti-corruption
	205-2	Communication and training about anti-corruption policies and procedures	AR: SR, Page 40: Anti-corruption
	205-3	Confirmed incidents of corruption and actions taken	AR: SR, Page 40: Anti-corruption, Whistle-blowing policy
Financial performance GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 41: Financial performance
	103-2	The management approach and its components	AR: SR, Page 41: Financial performance
	103-3	Evaluation of the management approach	AR: SR, Page 41: Financial performance
	201-1	Direct economic value generated and distributed	AR: SR, Page 41: Financial performance
Procurement practices GRI 204: Procurement Practices 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 41: Procurement practices
	103-2	The management approach and its components	AR: SR, Page 41: Procurement practices
	103-3	Evaluation of the management approach	AR: SR, Page 41: Procurement practices
	204-1	Proportion of spending on local suppliers	AR: SR, Page 41: Procurement practices
Suppliers' assessment GRI 414: Supplier Social Assessment 2016	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 42: Suppliers' assessment
	103-2	The management approach and its components	AR: SR, Page 42: Suppliers' assessment
	103-3	Evaluation of the management approach	AR: SR, Page 42: Suppliers' assessment
	414-1	New suppliers that were screened using social criteria	AR: SR, Page 42: Suppliers' assessment

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") is committed to ensure that high standards of corporate governance are practiced throughout the Group, as a fundamental part of its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This report outlines the Group's corporate governance practices that were in place during the financial year ended 28 February 2023 ("**FY2023**") with specific reference made to the Principles of Code of Corporate Governance 2018 ("**Code 2018**") and the disclosure guide developed by SGX-ST in January 2015 (the "**Guide**"). The Group strives to comply with the provisions set out in Code 2018 and the Guide and where it has deviated from the Code 2018 and/or the Guide, appropriate explanations are provided.

The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act 2001 of Singapore ("**Securities and Futures Act**") and the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") are duly complied with.

Provision	Code Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and provisions of the new Code?	The Company has complied with the principles and provisions as set out in Code 2018 and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018 and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2023.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
BOARD MATTERS **The Board's Conduct of Affairs** ***Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company***		
1.1	**Directors' duties and responsibilities**	All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interests of the Group at all times. The Board puts in place a code of conduct and ethics, sets desired organisational culture and ensures proper accountability within the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he or she would recuse himself or herself from discussions and decisions involving the issues of conflict. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board oversees the management staff of the Company (the "**Management**") and affairs of the Group's business and oversees processes for evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems. It focuses on the strategies and policies, with particular attention paid to growth and financial performance. The Board works with the Management to achieve this and the Management remains accountable to the Board. Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company. During FY2023, Directors are provided with briefings and updates on (i) the developments in financial reporting and governance standards by the Company's external auditors, (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings; and (iii) the latest Singapore regulatory advisories and measures amid the COVID-19 situation by the Company Secretary and the Company's Sponsor, so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		As at the date of this Report, the Board comprises of eight (8) members as follows:

Table 1.1 – Composition of the Board		
Name of Director	**Designation**	**Date of Appointment**
Mr Chew Wai Chuen	Chairman and Independent Director	19 February 2019
Mr Chee Yew Fei ("**Dato' Sri Ivan Chee**")	Executive Director and Chief Executive Officer ("**CEO**")	13 November 2017
Mr Ng Mun Fey	Executive Director and Chief Operating Officer ("**COO**")	19 February 2019
Mr Goh Kah Im	Independent Director	19 February 2019
Ms Anita Chew Cheng Im ("**Ms Anita Chew**")	Independent Director	19 February 2019
Ms Teh Lip Kim	Non-Executive and Non-Independent Director	19 February 2019
Mr Loong Ching Hong	Non-Executive and Non-Independent Director	19 February 2019
Ms Willa Chee Keng Fong ("**Ms Willa Chee**")	Non-Executive and Non-Independent Director	19 February 2019

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.2	**Induction, Training and Development**	The Company provides a comprehensive orientation programme to familiarise the new Directors with the Group's businesses, accounting control policies, procedures and internal control policies and procedures, including an overview of the written policies and procedures in relation to the financial, operational and compliance controls; as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles. For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend relevant training courses organised by the Singapore Institute of Directors pursuant to Catalist Rule 406(3)(a) and Practice Note 4D of the Catalist Rules within one year from the date of their appointment, as well as other courses relating to accounting, legal and industry-specific knowledge, where appropriate, organised by other training institutions, in connection with their duties, and such training will be funded by the Company. There was no new Director appointed during FY2023. The Directors are updated regularly when there are changes to the Catalist Rules, Code of Corporate Governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. At the Board meetings of the Company, the external auditors ("**EA**") had briefed the AC and the Board on changes and amendments to the accounting standards. The Company Secretary would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend seminars and training to update themselves in the discharge of Directors' duties and responsibilities, at the expense of the Company. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board and Board Committees' meetings.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		The external training attended by certain directors during FY2023 are as follows:

Table 1.2 – Training and Development

Name of directors	Training attended
Mr Chew Wai Chuen	1) Environmental, Social and Governance Essentials (Core)
Dato' Sri Ivan Chee	1) Environmental, Social and Governance Essentials (Core)
Mr Ng Mun Fey	1) Environmental, Social and Governance Essentials (Core)
Mr Goh Kah Im	1) Environmental, Social and Governance Essentials (Core)
Ms Anita Chew	1) Environmental, Social and Governance Essentials (Core) 2) Securities Commission AOB Conversation with Audit Committees
Ms Teh Lip Kim	1) Environmental, Social and Governance Essentials (Core) 2) Enhanced Practices and Disclosures of Sustainability Statement
Mr Loong Ching Hong	1) Environmental, Social and Governance Essentials (Core) 2) Enhanced Practices and Disclosures of Sustainability Statement
Ms Willa Chee	1) Environmental, Social and Governance Essentials (Core)

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.3	**Matters reserved for the Board**	The Board has put in place internal guidelines for matters reserved for the Board's approval. Specifically, matters and transactions that require the Board's approval include, among others, the following: • release of the quarterly and full year results announcements; • annual report and financial statements; • annual budgets and financial plans of the Company; • business, strategy and capital expenditure budgets; • convening of shareholders' meetings, circulars to shareholders and related announcements to be submitted to the SGX-ST; • overall corporate strategy and changes to the corporate structure; • acquisitions, investments and disposals of assets exceeding a certain threshold; • share issuances; • recommendation/declaration of dividends; • appointment of Directors and key executives, Company Secretary of the Company and terms of reference for the Board Committees; • review of Directors and key executives' performance and remuneration packages; • interested person transactions; • material regulatory matters or litigation; and • compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.
1.4/Rule 406(3)(e) of the Catalist Rules	**Board Committees**	To assist in the execution of its responsibilities, the Board is supported by three board committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). As the Board retains ultimate responsibility on all decisions, all matters discussed at the Board Committee meetings are presented and reported to the Board for approval prior to its implementation. The Board Committees function within clearly defined terms of reference and operating procedures, and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Report.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.4/Rule 406(3)(e) of the SGX-ST	**Board Committees**	The compositions of the Board Committees as at the date of this Report are as follows:

Table 1.4 – Composition of the Board Committees

	AC(1)	**NC**(2)	**RC**(3)
Chairman	Mr Goh Kah Im	Ms Anita Chew	Mr Chew Wai Chuen
Member	Mr Chew Wai Chuen	Mr Chew Wai Chuen	Ms Anita Chew
Member	Ms Anita Chew	Dato' Sri Ivan Chee	Loong Ching Hong

Notes:

(1) The AC comprised three (3) members, all of whom (including the Chairman) are independent.

(2) The NC comprised three (3) members, the majority of whom (including the Chairman) are independent.

(3) The RC comprised three (3) members, all non-executive and the majority of whom (including the Chairman) are independent.

Provision	Code Description	Company's Compliance or Explanation
1.5	**Board and Board Committees meeting**	The Board will meet at least quarterly, and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss the performance of the Group, to approve the quarterly and full year results announcements as well as to oversee the business affairs of the Group. The calendar of all the Board and Board Committees meetings are scheduled in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are convened as may be necessary to address any specific significant matters that may arise. The Constitution of the Company and terms of reference for each individual Board Committee allow the Directors to participate in Board and Board Committees meetings to be held by means of telephonic, video conferencing or other communication facilities to communicate with each other simultaneously and instantaneously. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
During FY 2023, the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings are set out below:
<table>
<tr><th rowspan="2"></th><th rowspan="2">Board</th><th colspan="3">Board Committees</th><th rowspan="2">Annual General Meeting</th><th rowspan="2">Extra-ordinary General Meeting</th></tr>
<tr><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of meetings held</td><td>5</td><td>4</td><td>1</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Directors in service as at 28 February 2023</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Mr Chew Wai Chuen</td><td>5</td><td>4</td><td>1</td><td>2</td><td>√</td><td>√</td></tr>
<tr><td>Dato' Sri Ivan Chee</td><td>5</td><td>4*</td><td>1</td><td>1*</td><td>√</td><td>√</td></tr>
<tr><td>Mr Ng Mun Fey</td><td>5</td><td>4*</td><td>–</td><td>–</td><td>√</td><td>√</td></tr>
<tr><td>Mr Goh Kah Im</td><td>4</td><td>4</td><td>–</td><td>–</td><td>√</td><td>√</td></tr>
<tr><td>Ms Anita Chew</td><td>5</td><td>4</td><td>1</td><td>2</td><td>√</td><td>√</td></tr>
<tr><td>Ms Teh Lip Kim</td><td>4</td><td>–</td><td>–</td><td>–</td><td>√</td><td>√</td></tr>
<tr><td>Mr Loong Ching Hong</td><td>5</td><td>–</td><td>–</td><td>2</td><td>√</td><td>√</td></tr>
<tr><td>Ms Willa Chee</td><td>5</td><td>–</td><td>–</td><td>–</td><td>√</td><td>√</td></tr>
</table>
* By invitation
</td></tr>
<tr><td></td><td>Multiple board representation</td><td>Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.</td></tr>
<tr><td>1.6</td><td>Board information</td><td>The Management provides the Board with key information that is complete, adequate and in advance to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the performance, position and prospects of the Company. Key information comprises, among others, properly organized board papers (with background or explanatory information relating to the matters brought before the Board, where necessary), updates to Group operations and the markets in which the Group operates in, budgets and/or forecasts, management accounts, EA reports and reports on on-going or planned corporate actions. Where the situation requires, Directors are entitled to request for additional information from Management and such information are provided to the Directors in a timely manner.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.7	**Board's access**	The Board has separate and independent access to the Senior Management team, external advisers (where necessary) and the Company Secretary at all times. The Company Secretary and/or her representative(s) attend all Board and Board Committees meetings. The responsibilities of the Company Secretary include advising the Board on governance matters, facilitating the process of appointment of new Directors and assisting the Chairman of the Board in ensuring information flows within the Board and its Board Committees and between the Management and the Directors. The Company Secretary will also provide the Board with updates to regulations and legislations that the Company are required to comply with, as required. The appointment and removal of the Company Secretary is to be decided by the Board as a whole. Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors may direct the Company to appoint external advisers to enable it or the Independent Directors to discharge the responsibilities effectively, the cost of which will be borne by the Company.
Board Composition and Guidance ***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company***		
2.1 Rule 1204(10B) of the Catalist Rules	**Board composition – independence and diversity**	As at the date of this report, the Company is in compliance with Provision 2 of Code 2018. The Board comprises 8 members, out of which two (2) are Executive Directors, three (3) are Independent Directors and three (3) are Non-Executive Non-Independent Directors. Non-Executive Directors make up majority of the Board. Mr Chew Wai Chuen – Chairman and Independent Director Dato' Sri Ivan Chee – Executive Director and CEO Mr Ng Mun Fey – Executive Director and COO Mr Goh Kah Im – Independent Director Ms Anita Chew – Independent Director Ms Teh Lip Kim – Non-Executive Director Mr Loong Ching Hong – Non-Executive Director Ms Willa Chee – Non-Executive Director The Chairman of the Board (the "**Chairman**") is an Independent Director and not part of the Management team. The Chairman and the CEO are also not immediate family members.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		The Board assesses the independence of each Director in accordance with the guidance provided in Code 2018 as well as Rule 406(3)(d) of the Catalist Rules. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form was drawn up based on the definitions and guidelines set forth in the Code 2018. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination. The NC will also examine the different relationships identified by Code 2018 that might impair each Independent Director's independence and objectivity and concluded that all the Independent Directors are able to exercise independent business judgement in the best interests of the Company and its shareholders. The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules. As at the date of this Report, the NC has reviewed the independence status of the Independent Directors and is satisfied that Mr Chew Wai Chuen, Mr Goh Kah Im and Ms Anita Chew are independent in accordance with the Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules. There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 that would otherwise deem him not to be independent. There is currently no Independent Director who has served on the Board for more than nine years.
2.2	**Independent Directors**	As the Chairman of the Board is independent, the Company need not comply with Provision 2.2 of the Code 2018. The Company has three (3) Independent Directors.
2.3	**Non-Executive Directors**	To facilitate a more effective review of Management, the Non-Executive Directors will communicate on an ad-hoc basis without the presence of the Management and Executive Directors to discuss the performance of the Management and any matters of concern. The current Board composition complies with Provision 2.3 of the Code 2018 where Non-Executive Directors make up a majority of the Board.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
2.4	**Board size and diversity**	The size and composition of the Board is reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and gender diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of eight (8) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of the Company's operations. No individual or small group of individuals dominate the Board's decision-making. The Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. As at the date of this report, the Company has formalised and adopted a Board Diversity Policy ("**Policy**") that addresses diversity in terms of experience, skills, gender, age, tenure, and qualities, as well as any other relevant aspects of diversity. The Policy also sets out the approach which the Company takes towards diversity on its Board. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness – in particular, it believes that a balance and mix of skills, experiences and individual attributes of Board members which shape the composition and promote the effectiveness of the Board as a whole and that of the Board committees, will support the Company's achievement of strategic objectives and long-term sustainable development and success. The Board observes and applies the Policy to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, encourages the emergence of diverse candidates by ensuring that the Board is made up of a diversity of candidates (including consideration of a diversity of skills, knowledge, experience, gender, ethnicity and age). The current Board comprises of three (3) female Directors and five (5) male Directors with an age group ranging from 30 to 57 years old. Female Directors represent 37.5% of the Board. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, strategic planning, investment, business management and administration, industry knowledge, engineering technology and economics. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, is of the view that the current Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		The Board will seek to incorporate diversity aspects as and when the opportunity arises, instead of adhering to a fixed timeline for diversity targets. The Board will ensure that it has the flexibility to improve its diversity without compromising board efficiency. The NC will deliberately determine, from time to time, the results of its review on rejuvenating and refreshing the Board composition in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors bearing in mind the salient factors set out under the provisions in the Code as well as all other relevant circumstances. As part of and to facilitate the Company's succession planning, the Board is planning to expand its Board to include an additional executive director. The NC is in the midst of identifying suitable candidate and this board expansion is targeted to take place during FY2024. As at the date of this Report, the Board, taking into account the views of the NC, considers that the current composition of the Board and Board committees comprise a balance and mix of skills, experiences and individual attributes which promote the effectiveness of the Board as a whole and that of its Board committees. During the financial year under review, the Board has maintained its policy, in relation to skills & experiences, gender, age and tenure diversity of the Directors. The key information of the Directors, including their appointment dates, academic and professional qualifications, Board Committees served on, principal commitment(s) and directorships in other listed company(ies) are set out on pages 15 to 17 of this annual report.
2.5	**Regular meetings for Independent and Non-Executive Directors**	Where appropriate, the Independent and Non-Executive Directors meet periodically with the other Independent and Non-Executive Directors without the presence of the Executive Directors to discuss concerns or matters such as the effectiveness of the Management and provides feedback to the Board and/or Chairman of the Board, as appropriate, after such meetings. During the FY2023, the Independent Directors met at least once in the absence of key management personnel. Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer ***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making***		
3.1 3.2 3.3	**The Chairman and CEO are separate persons**	Mr Chew Wai Chuen is the Chairman of the Board and Dato Sri Ivan Chee is the CEO of the Company. As the Chairman and the CEO are separate persons, with the Chairman being independent, the Company does not have a lead independent director. Mr Chew Wai Chuen and Dato' Sri Ivan Chee are not related to each other and do not have any business relationship between them. The roles of the Chairman and the CEO are separate and distinct, each having their own areas of responsibilities. The distinctive separation of responsibilities between the Chairman and the CEO had ensured an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the executives responsible for managing the Company's business. The Chairman is responsible for ensuring the effectiveness and integrity of the governance process. He exercises control over the quality, quantity and timeliness of information flow between the Board and the Management and effective communication with the shareholders. His responsibilities in respect of the Board proceedings include: (a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items; (b) ensuring that all agenda items are adequately and openly debated at the Board meetings; (c) ensuring that all Directors receive complete, adequate and timely information; and (d) assisting in ensuring that the Group complies with the Code of Corporate Governance and maintains high standards of corporate governance. The CEO is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC. The Board is of the view that there is a clear division of responsibilities between the Independent Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

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Provision	Code Description	Company's Compliance or Explanation
Board Membership ***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board***		
4.1	**Nominating Committee role**	The NC is guided by key terms of reference as follows: (a) to review the structure, size and composition of the Board and the Board committees; (b) to review the succession plans for the Chairman of the Board, the CEO, COO and key management personnel of the Company; (c) to propose and implement objective performance criteria to be used in the assessment of the performance of the Board, the Board committees and each individual Director; (d) to review the training and professional development programmes for the Board; (e) to make recommendations to the Board on the appointment and re-appointment of all Directors (including alternate directors, if applicable) including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board; (f) to review and assess the independence of each Director; and (g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and/or a conflict of interest.
4.2	**Nominating Committee composition**	The Board has established the NC that comprises two (2) Independent Directors and one (1) Executive Director who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees. The Chairman of the NC is Ms Anita Chew, who is an Independent Director. The composition of the NC is as follows: Ms Anita Chew – Chairman Mr Chew Wai Chuen – Member Dato' Sri Ivan Chee – Member

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.3 4.4 Rule 720(4) of the Catalist Rules	**Director appointment and re-appointment**	The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new directors are required, the NC will identify the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the requirements of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the Directors' contacts and/or engage external consultants to source for potential candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval. The NC also conducts an annual review of the independence of a director having regard to the circumstances set forth in Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules. Sufficient information will accompany all resolutions for the Directors' appointments and re-appointments to enable the Board to make informed decisions. Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to Regulation 98 of the Company's Constitution, at each AGM, at least one-third of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three years and such retiring Director shall be eligible for re-election. In addition, pursuant to Regulation 97 of the Company's Constitution, new Directors appointed during the financial year, either to fill a casual vacancy or as an additional Director, are required to submit themselves for re-election at the next AGM. Accordingly, the NC has recommended to the Board that Mr Ng Mun Fey, Ms Willa Chee Keng Fong and Mr Goh Kah Im ("**Retiring Directors**") be nominated for re-election at the forthcoming AGM. Pursuant to Regulation 98, the Retiring Directors have offered themselves for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation. Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the Retiring Directors including the information required under Appendix 7F of the Catalist Rules disclosed in pages 87 to 93 of this Annual Report. Mr Ng Mun Fey will, upon re-election as a Director, remain as the Executive Director. Ms Willa Chee will, upon re-election as a Director, remain as the Non-Executive Director. Mr Goh Kah Im will, upon re-election as a Director, remain as the Independent Director and chairman of the AC. The Board, with the concurrence of the NC, has also considered Mr Goh Kah Im to be independent for the purposes of Rule 704(7) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.5	**Multiple Directorships**	The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. The NC requires each Director to declare any new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance and contributions of the Directors to the Company. The Board has not imposed any limit as it is of the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors. The NC also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. In FY2023, only one (1) of the Directors hold more than two (2) but not more than five (5) directorships in other listed companies. Based on its assessment, the NC and the Board concluded that the nature of the organisations in which the Directors with multiple directorships hold appointments in and the Board Committees on which they serve are of different complexities. Accordingly, each Director would personally determine the demands of his/her competing directorships and obligations and assess the number of listed directorships they could hold and serve effectively. During FY2023, the Directors and Board Committee members had also attended all Board and Board Committees meetings respectively. They have dedicated sufficient time and attention and also discharged their responsibilities towards the affairs of the Company. The NC is satisfied that the other directorships and principal commitments of the Directors did not impede their respective performance nor hindered them from carrying out their duties as Directors of the Company and each of them is able to and has diligently and adequately carried out his/her duties as a Director of the Company since their appointments. The key information of the Directors, including their appointment dates, academic and professional qualifications, Board Committees served on, principal commitment(s) and directorships in other listed company(ies) are set out on pages 15 to 17 of this annual report.
	Alternate Directors	The Company does not have any alternate Directors.

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Provision	Code Description	Company's Compliance or Explanation
Board Performance ***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors***		
5.1	**Performance criteria and process for evaluation of the effectiveness of the Board**	As recommended by Provision 5.1 of Code 2018, the NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole, and each of the Board Committees and for assessing the contribution by the Chairman and each individual Directors to the effectiveness of the Board, for each financial year.
5.2	**Disclosure of assessment of the Board, Board Committees and each Director**	The board assessment questionnaire has been developed for the Board to implement a formal annual process for assessing the effectiveness of the Board as a whole and the contribution of each of the Board Committees and each individual Director to the effectiveness of the Board. The Company Secretary will collate the results and the summary of the assessment will be presented to the Chairman of the Board and the NC for review and collective discussion with other Board members to address or recommend any areas for improvement and follow-up actions. The appraisal process focuses on a set of performance criteria for the Board, Board Committees and individual Directors' assessment which includes the evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with Key Management Personnel and the Directors' standards of conduct. The NC makes recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board acts on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. The NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process, if the need arises. The NC has reviewed the overall performance of the Board, Board Committees and individual Director for FY2023 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committee meetings and any other duties in FY2023. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance or re-appointment as a Director of the Company. The Board has considered the use of external facilitators and it is of the view that there was no need to engage an external facilitator for FY2023 as the NC has a sufficient level of objectivity in its evaluation process.

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Provision	Code Description	Company's Compliance or Explanation
REMUNERATION MATTERS **Procedures for developing remuneration policies** ***Principle 6: There should be a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration***		
6.1	**Remuneration Committee role**	The RC is established for the purposes of ensuring that there is a formal and transparent process for fixing the remuneration packages of individual Directors and key executives and makes recommendations to the Board on all remuneration matters. The RC has a formal set of terms of reference approved by the Board. A summary of the RC's key responsibilities includes: (a) reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel; (b) periodic review and recommending to the Board the specific remuneration packages for each individual Director and Key Management Personnel to maintain attractiveness, retain and motivate Directors and Key Management Personnel to manage the Company with the alignment of the level and structure of remuneration with the long-term interest and risk policies of the Company; (c) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; (d) implement and administer any share incentive scheme(s) adopted by the Company in accordance with the rules of such scheme; and (e) review and approve the granting of share options and/or performance shares to Directors and employees.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
6.2	**Remuneration Committee composition**	The Board has established the RC that comprises two (2) Independent Directors and one (1) Non-Executive Director who have been tasked with the authority and responsibility to devise an appropriate process and policy in directors and key management personnel remuneration packages. The Chairman of the RC is Mr Chew Wai Chuen, who is an Independent Director. The composition of the RC is as follows: Mr Chew Wai Chuen – Chairman Ms Anita Chew – Member Mr Loong Ching Hong – Member
6.3	**Termination clauses**	The RC reviews and considers all aspects of remuneration including termination terms, to ensure they are fair and not overly generous. Termination clauses are included in the service agreements for Directors and Key Management Personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any Directors and Key Management Personnel during FY2023.
6.4	**Remuneration experts**	The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. The Company has not engaged any remuneration consultants for FY2023 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

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Provision	Code Description	Company's Compliance or Explanation
Level and Mix of Remuneration ***Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company***		
7.1 7.3	**Remuneration framework**	The Company advocates a performance-based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus structured so as to link rewards to the sustainable performance and value creation of the Company. Our Executive Director and CEO, Dato' Sri Ivan Chee, is entitled to receive an annual incentive bonus of a sum calculated based on the consolidated audited profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) of the Group, subject to the terms and conditions in his Service Agreement. Key Management Personnel are entitled to a variable performance bonus calculated based on the enterprise value added framework which measures value creation by Key Management Personnel taking into consideration the Company's cost of working capital. Save for the above, there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between the Company and any of the Directors or Key Management Personnel. In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman of the Board, the respective individual's responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous and be able to motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

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Provision	Code Description	Company's Compliance or Explanation
	Long-term incentives	The Company has also adopted the Fortress Employee Share Option Scheme ("**ESOS**"). The ESOS had been approved by the Shareholders at the general meeting of the Company held on 20 February 2019. The objectives of the ESOS include retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group, instilling loyalty and a stronger identification by participants with the long-term goals of the Company and attraction of potential employees with relevant skills to contribute to our Group creating value for the shareholders so as to align the interests of participants to the interests of the shareholders. Under the ESOS, the aggregate number of shares to be issued shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) and will be in force for a maximum period of ten (10) years commencing from 20 February 2019. The selection of a participant and the number of shares to be granted in accordance to the ESOS is determined in the absolute discretion of the RC, taking into consideration criteria such as his/her rank, job performance during the performance period, potential for future development, his/her future contribution to the success and development of the Group and the extent of effort to achieve the performance target(s) within the performance period. Controlling Shareholders of the Group are not eligible to participate in the ESOS. No share options have been granted pursuant to the ESOS since its adoption and as at the date of issuance of this Annual Report.
7.2	**Non-Executive Director remuneration**	The RC has adopted a framework which consists of a base fee to remunerate Independent Directors and Non-Executive Non-Independent Directors based on their appointments and roles in the respective Board Committees, taking into account the level of contribution and factors such as effort, time spent and responsibilities and the fees paid by comparable companies. Directors' fees to be paid to the Independent Non-Executive Directors will be tabled for shareholders' approval. The Directors' fees are reviewed annually to ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised.
	Contractual provisions to reclaim incentives	The Company does not have and is of the view that there is presently no urgent need to initiate any contractual provisions in the terms of employment that allow for the reclaiming of incentive components from the Executive Directors and Key Management Personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors and Key Management Personnel owe fiduciary duties to the Company. Furthermore, the Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Directors and Key Management Personnel.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Disclosure on Remuneration ***Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***		
8.1	**Company's remuneration policy and criteria for setting remuneration**	The Group's remuneration policy (which covers all aspects of remuneration, including directors' fees, salaries, allowances and bonuses, grant of share options, and benefits-in-kind) is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise. The policy articulates to staff the link that total compensation has to the achievement of organizational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry. The remuneration package of Key Management Personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the Key Management Personnel's employee pension funds account, and a variable cash component. The variable cash component is dependent on a Key Management Personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of Key Management Personnel with that of the shareholders in terms of value creation. Key performance indicators for Key Management Personnel are aligned to the interests and value creation to all stakeholders. Though the ESOS is in place, the Company had not granted share options to any employees and Directors under the ESOS since its adoption. The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent. Dato' Sri Ivan Chee, the Executive Director and CEO of the Company, has a service agreement with the Company for an initial period of three (3) years with effect from 28 February 2019. The service agreement is automatically renewed for a further two (2) years on the same terms upon expiry unless terminated in accordance with the provisions of the service agreement. The payment of Directors' fees to the Executive Directors was endorsed by the RC on the basis that apart from contributing their time and commitment significantly since the listing of the Company, towards managing the business operations of the Company, at the same time, the Executive Directors have and are expected to perform and undertake the same level of directorial duties and responsibilities that are expected from the Independent and Non-Executive Directors of the Company. The RC is of the view that the payment of the Directors' fees to the Executive Directors is fair and reflective of the duties, responsibilities and the amount of work performed and are expected to be performed by each of them. The Board has recommended the aggregate Directors' fees of S$592,000 for FY2024 which will be tabled for approval by Shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
8.1(a) and 8.3	**A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration**	A breakdown, showing the level and mix of each individual Director's remuneration for FY2023 is as follows:

Table 8.1 (a) – Remuneration of Directors

Name	Base/Fixed Salary and statutory contributions (%)	Bonus/ variable performance bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)
Remuneration Band S$2,750,001 to S$3,000,000					
Dato' Sri Ivan Chee	44	53	3	–	100
Remuneration Band S$250,001 to S$500,000					
Ng Mun Fey	73	–	24	3	100
Remuneration Band below S$250,000					
Chew Wai Chuen	–	–	100	–	100
Goh Kah Im	–	–	100	–	100
Anita Chew	–	–	100	–	100
Teh Lip Kim	–	–	100	–	100
Loong Ching Hong	–	–	100	–	100
Willa Chee	–	–	100	–	100

The NC recommends Directors' fees for the Board's endorsement and approval by shareholders at the Company's AGM and the fees are determined having regard to the scope and extent of the responsibilities and obligation to the Company. Directors' fees will be paid after approval is obtained from shareholders at the AGM.

No Director is involved in deciding his/her own remuneration. Each RC member has abstained from participating in the deliberations of and voting on any resolution in respect of his/her remuneration package or that of employees related to him/her.

Provision	Code Description	Company's Compliance or Explanation
8.1(b) and 8.3	**Remuneration of top 5 key management personnel (who are not directors or CEO)**	As at the date of this Report, the Company has only one (1) top key management personnel i.e. the Financial Controller. The disclosure for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2023 is as follows:

Table 8.1(b) – Remuneration of Key Management Personnel

Name	Base/Fixed Salary and Statutory Contributions (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits In-Kind (%)	Total (%)
Remuneration Band below S$250,000				
Fionne Chua	100	–	–	100

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Provision	Code Description	Company's Compliance or Explanation
		The Company believes that it should not disclose the remuneration paid to each of the Independent and Non-Executive and Non-Independent Directors, Executive Directors and Key Management Personnel in absolute amount due to the highly competitive market and in the interest of maintaining good morale and building team work within the Group. For the same reason above, as there is only one (1) top Key Management Personnel, the aggregate total remuneration paid to the Key Management Personnel for FY2023 will not be disclosed. There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2023.
8.2	**Remuneration of employees who are substantial shareholders, immediate family members of Director, CEO or substantial shareholder**	Ms Willa Chee, the daughter of our Executive Director and CEO, Dato' Sri Ivan Chee, is a Non-Executive and Non-Independent Director. Mr Tan Seng Kim and Mr Yeow Boon Ban, the brothers-in-law of our Executive Director and CEO, Dato' Sri Ivan Chee, are Directors of Fortress Mining Sdn Bhd, the wholly owned subsidiary of the Company. Ms Chee Sook Ping, the sister of our Executive Director and CEO, Dato Sri Ivan Chee, is a Director of Fortress Resources Pte Ltd, the wholly owned subsidiary of the Company. Mr Edmund Chee Ji Kang, the son of our Executive Director and CEO, Dato' Sri Ivan Chee, is an IT Executive of Fortress Shared Services Sdn Bhd, the wholly owned subsidiary of the Company.

Table 8.2 – Remuneration of Related Employees

Name	Relationship
Remuneration Band below S$100,000	
Mr Yeow Boon Ban	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO
Mr Tan Seng Kim	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO
Ms Chee Sook Ping	Sister of Dato' Sri Ivan Chee, the Executive Director and CEO
Mr Edmund Chee Ji Kang	Son of Dato' Sri Ivan Chee, the Executive Director and CEO

There is no employee of the Group who is a substantial shareholder, or an immediate family member of a Director, CEO or substantial shareholder who are paid more than S$100,000 during FY2023.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
8.3	**Other payments and benefits and details of the employee share scheme(s)**	Save as disclosed and the remuneration paid to Mr Tan Seng Kim, Mr Yeow Boon Ban, Ms Chee Sook Ping and Mr Edmund Chee Ji Kang in the ordinary course of their employment with the Group, there are no other payments, compensation and benefits paid by the Group to the Directors and key management personnel of the Company in FY2023. Information on the Fortress Employee Share Option Scheme ("**ESOS**") are set out on page 69 of this Annual Report and further information can be found in the Company's Offer Document dated 19 March 2019.
ACCOUNTABILITY AND AUDIT **Risk Management and Internal Controls** ***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of Risk Management and internal controls, to safeguard the interests of the Company and its shareholders.***		
9.1	**Risk governance**	The Company does not have a Board Risk Committee. The Board, with the support of the AC, is responsible for the overall governance of the risk management of the Company, establishing risk management policies and tolerance strategies that set the direction for the Group and overseeing the implementation of risk management framework to ensure that risks are identified and managed.
	Annual review	The Board with the support of the AC, oversees the design, implementation and monitoring of the Risk Management and internal control systems. The Group has engaged PKF Risk Management Sdn Bhd ("**PKF**") as the consultant and a Risk Management framework has been developed to help the Board formally identify, assess and treat the Group's enterprise risks and to establish a risk register and risk map covering financial, operational, compliance and information technology risks. These risks will be prioritized based on risk appetite and risk tolerance levels that the Board adopts. Key risks will be escalated to, and discussed at, the Board level while all the other risks are handled at Management level and reported to the Board on an exceptional basis. The Management, the internal auditor Baker Tilly Monterio Heng Governance Sdn Bhd ("**Baker Tilly**"), and the external auditor, BDO LLP ("**BDO**") conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non- compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's Risk Management and internal control systems, including financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
9.2(a) 9.2(b)	**CEO and FC assurance**	For FY2023, the Board has also received assurance from the CEO and the Financial Controller (FC): (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) on the adequacy and the effectiveness of the Group's risk management systems and internal control systems, including financial, operational, compliance and information technology controls.
	Board conclusion	The Board has received assurance from the CEO and our FC (a) that the financial records have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal controls system. In addition, the external auditors will also highlight internal control weaknesses which have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations will be reported to the AC and discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns. The Board noted there were no major adverse findings on risk management and internal control systems relating to the agreed internal audit scope. Based on the assurance from the CEO and our FC referred to in the preceding paragraph, the internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at FY2023.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Audit Committee ***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively***		
10.1	**Duties of the AC**	In performing its functions in accordance with a set of terms of reference, the AC's principal responsibilities include, amongst others the followings: (a) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; (b) to review the adequacy and effectiveness of the Company's internal controls and risk management systems; (c) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; (d) to make recommendations to the Board of Directors regarding the appointment, removal, remuneration and terms of engagement of the external auditors; (e) to establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company; (f) to monitor the Company's compliance with legal, regulatory and company policies; (g) to deal with matters relating to interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual (as defined hereunder), as well as related party transactions; (h) to review the assurance from the CEO and the FC on the financial records and financial statements; and (i) to undertake generally such other functions and duties as may be required by law or the Catalist Rules. The AC has authority to investigate any matter within its term of reference and have been given full access to the Management and reasonable resources to enable it to discharge its functions properly. The AC has full discretion to invite any Director or key management personnel to attend its meetings.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.2 10.3	**AC composition**	All members of the AC are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previously partners or directors of the Company's external audit firm within a period of two (2) years commencing on the date of him/her ceasing to be a partner or director of the external audit firm or hold any financial interest in the external audit firm. The composition of the AC is as follows: Mr Goh Kah Im – Chairman Mr Chew Wai Chuen – Member Ms Anita Chew – Member The AC Chairman, Mr Goh Kah Im and AC member, Mr Chew Wai Chuen have relevant accounting and related financial management background and experience. The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid/payable to the external auditors for audit services rendered for the audit of the financial statements of the Group for FY2023 is S$148,844 (75.2%). The non-audit fees paid/payable to the external auditors for FY2023 is S$48,993 (24.8%). The AC has reviewed the non-audit services provided by the external auditors for FY2023 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. Having reviewed, amongst others, the scope and quality of the audit and independence of the external auditor, the AC has recommended and the Board has approved the nomination for re-appointment of BDO as the external auditors of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.4	**Internal Audit function**	The Group has engaged Baker Tilly as the internal auditors who reports directly to the AC and administratively to the FC. The AC has approved the engagement, evaluation, and compensation of Baker Tilly as the internal auditors of the Company. The role of Baker Tilly is to provide independent assurance to the AC that the Group maintains adequate and effective Risk Management and internal control systems. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems. For FY2023, the AC is satisfied that Baker Tilly had been able to discharge its duties effectively as the internal auditor. Baker Tilly has unfettered access to all documents, records, properties and personnel, including access to the AC. Baker Tilly has adequate resources to perform its functions effectively and it is independent from the activities that it audits and has appropriate standing within the Group. In assessing the engagement of Baker Tilly for the internal audit function, the Board and the AC ensured that the internal audit function is sufficiently resourced and internal audits are to be performed by competent professional staff with the relevant qualifications and experience. The scope of the internal audit covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by Baker Tilly's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. For FY2023, after having reviewed the internal audit reports and remedial actions implemented by the Management, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.
10.5	**Independent Session with the EA & IA**	The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management. For FY2023, the AC has met with the IA and EA once without the presence of the Management.
Rule 712, 715	**Auditors**	The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of external auditors.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	Whistleblowing	The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to the Company and its officers. The AC has reviewed the whistleblowing policy that the Group has established and is responsible for the oversight and monitoring of whistleblowing. The Company publicly discloses through its website, and clearly communicates with employees, the existence of the whistleblowing policy which is in compliance with Catalist Rule 1204(18B) as elaborated below. a) The Company has procedures for raising such concerns to the AC Chairman at whistleblow@fortress.sg and has an independent function comprising the AC Chairman and AC members to investigate whistleblowing reports made in good faith; b) The Company has clear channels through which staff and other persons may, in confidence, raise their concerns about possible improprieties, fraudulent activities or malpractices within the Company in a responsible and effective manner; c) The Company has arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action; d) The Company has confidentiality clauses that protect identification of the whistleblower and ensures that the identity of the whistleblower is kept confidential; and e) The Company is committed to ensuring the protection of the whistleblower against any detrimental and unfair treatment. There was 1 whistleblowing report received in FY2023 through the Company's whistleblowing channel. The procedures as set out in the whistleblowing policy have been adhered to in the handling of this report.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	Summary of Audit and Risk Management Committee activities	The AC has reviewed the annual financial statements of the Group, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by the Management, reviewed the volume and nature of Interested Person Transactions, nominated and recommended the re- appointment of the external auditors and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The AC has assisted the Board in reviewing the adequacy and effectiveness of the Risk Management and internal control systems, addressing financial, operational, compliance and information technology risks of the Group. Changes to the accounting standards and issues that have direct impact on financial statements were reported to and discussed with the AC by the external auditors, in order for the AC members to keep abreast of changes to such accounting standards and issues. In the review of the Group's financial statements, the AC had discussed with the Management on the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.
SHAREHOLDER RIGHTS AND ENGAGEMENT **Shareholder Rights and Conduct of General Meetings** ***Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***		
11.1	**Shareholder rights**	All Shareholders are treated fairly and equitably, and the Group strives to disclose information on all major developments that could materially impact the Group in a timely manner. Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders.
11.2	**Resolutions**	Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Catalist Rules. All votes cast, for or against or abstain, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.
11.3	**Attendance at general meetings**	All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC and RC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report. The attendance of the Board for the Company's annual general meeting held on 22 June 2022 is disclosed under Table 1.5 of this report.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.4	**Voting procedures**	At general meetings, all shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Company's Constitution provides for a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote at the general meetings of the Company. Where the member is Central Depository (Pte) Ltd (or its nominee as notified in writing to the Company), it can appoint more than two (2) proxies. Proxies need not be a shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all shareholders, notices published in the newspapers and announcements released via SGXNet. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the voting procedures that govern the general meetings of shareholders. Results of voting are announced on a timely manner via SGXNET. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.
11.5	**Minutes of general meetings**	Minutes of general meetings which include the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. The Company will publish the minutes of the general meetings on the Company's website and SGXNet within one month from the date of the respective meeting. The Company will publish the minutes of the AGM to be held on 28 June 2023 on SGXNET and the Company's website at URL https://www.fortress.sg within one month after the AGM.
11.6	**Dividend Policy**	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may, in their absolute discretion, deem appropriate ("**Dividend Factors**"). Therefore, there is no assurance that dividends will be paid in the future or of the amount or timing of any future dividends. The Company may declare an annual dividend subject to the approval of the shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. The Directors may also declare an interim dividend without the approval of our shareholders. The Board is pleased to recommend a final one-tier tax exempt dividend of 0.80 Singapore cents per share for FY2023 ("**Final Dividend**") which represents a payout ratio of 25.7% against the Group's net profit after tax for FY2023. The Final Dividend amounting to S$4.186 million is subject to shareholders' approval at the forthcoming AGM to be held on 28 June 2023.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Engagement with Shareholders ***Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company***		
12.1	**Communication**	The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet and the Company's website. Where there is inadvertent disclosure made to a selected group, the Company would make the same disclosure publicly to all stakeholders as soon as practicable. Communication is made through: (a) Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information of the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act 1967 of Singapore, Singapore Financial Reporting Standards and the Catalist Rules; (b) Quarterly announcements containing a summary of the financial information and affairs of the Group for the corresponding period; (c) Press releases on major developments of the Group; and (d) Analysts briefings and roadshow. Subject to the prevailing laws, the notices of AGM and EGM are also advertised in a national newspaper. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the end of the financial year. The Company will be holding its AGM for FY2023 and also an EGM on the proposed diversification of the Group's business in a wholly physical format on 28 June 2023, details of which are as disclosed in the Notice of AGM and Notice of EGM, respectively. There will be no option for shareholders to participate virtually. Printed copies of the Annual Report, notice of AGM and proxy form ("**AGM documents**") and the Circular, notice of EGM and related proxy form ("**EGM documents**") will not be sent to shareholders. Such AGM and EGM documents will only be available to shareholders through electronic means via publication on the Company's website and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements in line with COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which is currently still in force. Shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group on the Company's website at https://www.fortress.sg/.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	Conduct of Shareholder meeting	At general meetings, shareholders are given opportunities to voice their views and direct their questions to the Directors or the Management regarding the Company. The Chairman of the Board, members of the AC, NC and RC are present and available to address questions at general meetings. The External Auditors are also present. For the forthcoming AGM and EGM, shareholders may submit questions relating to resolutions to be tabled for approval at the AGM and EGM by no later than 2.00 p.m. on 20 June 2023. The Company shall only address relevant and substantial questions and any subsequent clarifications sought, or follow-up questions in respect of such questions and will publish its response to those questions on the SGXNET and the Company's website by 23 June 2023 before trading hours. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM and EGM) received after 2.00 p.m. on 20 June 2023 which have not already been addressed prior to the AGM and EGM, at the AGM and EGM itself. Shareholders who are attending the AGM and EGM may also submit their substantial and relevant queries relating to the agenda of the meeting during the course of the meetings, which the Management and the Board of Directors will address accordingly. All resolutions are put to vote by poll in all the Company's general meetings and is integral in the enhancement of corporate governance. For cost effectiveness, the voting of the resolutions at the general meetings are conducted by manual polling and their detailed results are announced at the meeting. The voting results of each of the resolutions tabled are announced on the same day after the general meeting via SGXNET.
12.2	**Investor Relations Policy**	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via investors/analyst briefings and the corporate email address on its website. The Company participated in 4 interview sessions with research analysts during FY2023. The Group will provide shareholders and prospective investors with pertinent information necessary to make well-informed investment decisions. By providing shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's investor relations (IR) team is led by the Financial Controller who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and the investors.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
12.3	**Investor engagement**	The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial result announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions.
MANAGING STAKEHOLDERS RELATIONSHIPS **Engagement with Stakeholders** ***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served***		
13.1, 13.2 and 13.3	–	The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company maintains its Company's website to communicate and engage with the stakeholders. In addition, to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy, the Group has prepared its sustainability report for financial year ended 28 February 2023, details of which is set out in pages 18 to 48 of this annual report. Communication with shareholders is managed by the Board. All announcements are released via SGXNET, including the quarterly and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, and announcement on acquisitions, corporate development and other material developments. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET. The notice of AGM is also advertised in the newspapers.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		Apart from the SGXNET announcements and its annual report, the Company will also conduct media interviews as and when appropriate to give shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves. Further, the Company may, if it considers necessary and appropriate, release press releases or organise media/analyst briefings to keep shareholders informed of its corporate development. The Company's Executive Directors and FC are responsible for the Company's communication with shareholders. The Company maintains a corporate website where shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group at https://www.fortress.sg/.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
712, 715, or 716	**Appointment of Auditors**	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	**Material Contracts**	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	**Confirmation of adequacy of internal controls**	The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at FY2023 based on the assurance from the CEO and our FC set out in page 74 of this Annual Report, the internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1204(17)	**Interested Persons Transaction ("IPT")**	The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Group has not obtained a general mandate from shareholders for IPT. There were no interested person transactions of S$100,000 and above during FY2023. The Group maintains a register to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the Company's FC and subject to such verifications or declarations as required by the AC for such period as determined by them. The AC shall review all IPTs at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures and to ensure that the prevailing rules and regulations in particular, Chapter 9 of the Catalist Rules are complied with.
1204(19)	**Dealing in Securities**	The Company has adopted an internal compliance code of conduct to guide and advise Directors and all executives of the Company with regard to dealings in the Company's securities in compliance with Rule 1204(19) of the Catalist Rules. The Company, Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to release of the full-year financial results announcement and 2 weeks prior to its interim financial results announcements and ending on the date of the announcement of the results. Directors and senior management are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods while in possession of price-sensitive information. In general, the Group's policy encourages Directors and employees of the Group to hold the Company's securities and not deal in the Company's securities on short term considerations. The policy is to ensure that the Company's Directors, officers and employees of the Group are aware of their legal obligations towards the dealing of securities of the Company. Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain are committing an offence of insider trading.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>Use of Proceeds</td><td>On 10 April 2023, our Company received S$8.7 million (net of placement expenses of S$0.3 million) as placement net proceeds.

As at the date of this report, the status on the use of the placement net proceeds is as follows:

<table>
<tr><th>Use of proceeds</th><th>Amount allocated
S$'000</th><th>Amount utilised
S$'000</th><th>Balance
S$'000</th></tr>
<tr><td>Further development of the CASB mine, including continuing and future exploration and geology work, as well as addition of a new integrated processing plant.</td><td>5,200</td><td>(1,000)[1]</td><td>4,200</td></tr>
<tr><td>Prospecting expenditures in relation to the two prospecting licenses in Sabah</td><td>3,500</td><td>(650)[2]</td><td>2,850</td></tr>
<tr><td>Total</td><td>8,700</td><td>(1,650)</td><td>7,050</td></tr>
</table>
(1) Utilised for purchase of machinery parts for the new integrated processing plant.

(2) Utilised for payment of licensing fees, operating expenses and employee benefit expenses.

The above utilisation of the placement net proceeds is in accordance with the intended use as stated in the Company's announcement dated 20 March 2023 in relation to the placement of 23,316,100 new ordinary shares in the capital of the Company.

At the appropriate juncture, our Group will deploy the remaining placement proceeds as the Group intends to further develop the CASB mine and undertake exploration activities in Sabah. Pending such deployment, funds have been placed in interest bearing deposits with licensed banks in Singapore and Malaysia.

The Company will make periodic announcements on the utilisation of the proceeds from the placement as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial statements.</td></tr>
<tr><td>711A</td><td>Sustainability Report</td><td>The Group has issued its sustainability report for FY2023 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy. The sustainability report is set out in pages 18 to 48 of this annual report.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor fees</td><td>There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2023.</td></tr>
</table>

KEY INFORMATION

Key information regarding the Retiring Directors who have been nominated for re-election as Directors of the Company are set out below:

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
Date of Initial Appointment	19 February 2019	19 February 2019	19 February 2019
Date of last re- appointment (if applicable)	24 June 2020	24 June 2020	23 June 2021
Age	44	30	57
Country of principal residence	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ng Mun Fey ("**Mr Ng**") as the Executive Director and Chief Operating Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Ng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Willa Chee Keng Fong ("**Ms Willa Chee**") as an Non-Executive and Non-Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Willa Chee's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Goh Kah Im ("**Mr Goh**") as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Goh's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Ng is responsible for the overall management, and day-to-day operations of mining sites, including but not limited to heading our Group's marketing, geology, mining, processing and other supporting divisions.	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Operating Officer.	Non-Executive and Non-Independent Director.	Independent Director and Chairman of the Audit Committee.
Professional qualifications	• Bachelor in Engineering Technology	• Bachelor of Science in Finance and Management	• Bachelor of Commerce (Accounting) degree • Chartered Accountant registered with Malaysian Institute of Accountants

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
Working experience and occupations during the past 10 years	2015 to Present – COO of Fortress Group of Companies 2012 to 2015 – Marketing Director of Greger International Sdn. Bhd.	2022 to Present – Technical Engagement Partner of JobStreet.com Shared Services (SEEK Asia) 2021 to 2021 – Technical Analytics of IPGA Management Services Sdn. Bhd. (REA Group Asia) 2019 to 2020 – UX Engineer of AirAsia Bhd. 2016 to 2019 – Digital Analyst, AirAsia Bhd. 2015 to 2016 – Digital Ads Performance and Analytics Junior Associate of Dex Ventures Sdn. Bhd.	2014 to Present – Freelance Management Consultant. 2011 to 2014 – Deputy Managing Director, Oxford Fajar Sdn. Bhd.
Shareholding interest in the listed issuer and its subsidiaries	Mr Ng is deemed interested in 36,593,750 ordinary shares in the Company held through Greger International Sdn. Bhd. as he holds 30% of the issued share capital of Greger International Sdn. Bhd.	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Ng holds 30% of the issued share capital of Greger International Sdn. Bhd. which is substantial shareholder of the Company. Mr Ng is the director of Greger International Sdn. Bhd.	Ms Willa Chee is the daughter of Dato' Sri Ivan Chee Yew Fei.	Nil
Conflict of interest (including any competing business)	No	No	No

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Present Principal Commitments* including directorships *"Principal Commitments" has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.	1. Cheroh Mining PNG Limited 2. Greger International Sdn. Bhd. 3. Kencana Primary Sdn. Bhd. 4. Fortress Minerals Limited 5. FM Nickel Sdn. Bhd. 6. Fortress Ni Sdn. Bhd. 7. Fortress Sio2 Sdn. Bhd. 8. Saga Mineral Sdn. Bhd.	Nil	Acting as a Freelance Management Consultant Directorship in: 1. GK Brothers Sdn. Bhd. 2. SKP Resources Berhad
Past Principal Commitments for the last 5 years, including directorships.	1. Contour Vista Development Sdn. Bhd. 2. Greger International Pte. Ltd. 3. Webcon Mining (Solomon) Limited	Nil	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

KEY INFORMATION

Name of Director	Ng Mun Fey	Willa Chee Keng Fong	Goh Kah Im
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable This is a re-election of a director.	Not Applicable This is a re-election of a director.	Not Applicable This is a re-election of a director.

DIRECTORS' STATEMENT

The Directors of Fortress Minerals Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 28 February 2023 and the statement of financial position of the Company as at 28 February 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 28 February 2023, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Chew Wai Chuen
Chee Yew Fei
Ng Mun Fey
Willa Chee Keng Fong
Teh Lip Kim
Loong Ching Hong
Anita Chew Cheng Im
Goh Kah Im

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
Ordinary shares	**Balance at 1 March 2022**	**Balance at 28 February 2023**	**Balance at 1 March 2022**	**Balance at 28 February 2023**
Company:				
Chee Yew Fei	530	**530**	251,249,470	**251,249,470**
Ng Mun Fey	–	**–**	35,593,750	**35,593,750**
Teh Lip Kim	1,679,300	**1,679,300**	166,465,625	**166,465,625**
Loong Ching Hong	2,026,000	**2,026,000**	5,234,375	**5,234,375**

By virtue of Section 7 of the Act, Chee Yew Fei and Teh Lip Kim are deemed to have interests in all related corporations of the Company at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), according to the register of directors' shareholdings, the directors' interest as at 21 March 2023 in the shares of the Company have not changed from those disclosed as at 28 February 2023.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

Employee Share Option Scheme

The Company had implemented an Employee Share Option Scheme known as the Fortress Employee Share Option Scheme ("Fortress ESOS"). The Fortress ESOS was approved by the shareholders at a General Meeting of the Company held on 20 February 2019. The Fortress ESOS has been adopted with effect from the date of listing. No options have been granted pursuant to the Fortress ESOS as at the date of this report.

DIRECTORS' STATEMENT

6. Audit committee

The Audit Committee of the Company is chaired by Mr Goh Kah Im, an Independent Director, and includes Ms Anita Chew Cheng Im and Mr Chew Wai Chuen, who are both Independent Directors. The Audit Committee has met four (4) times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5) of the Act, including the following, where relevant, with the executive Directors and external and internal auditors of the Company:

(i) reviewing the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

(ii) reviewing the quarterly and full-year announcements as well as related on the results and financial position of the Group;

(iii) reviewing the annual financial statements and external auditor's report on the annual financial statements of the Company and the Group before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements;

(iv) reviewing the effectiveness and adequacy of the Group's internal control and procedures, including financial, operational, compliance and information technology risks and ensure coordination between the Group's internal and external auditors, and management; reviewing the assistance given by the management to the auditors and discuss concerns and problems, if any, arising from the audit, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(v) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(vi) reviewing the scope and results of the internal audit procedures where applicable;

(vii) reviewing any potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(viii) conducting periodic review and approval of foreign exchange transactions and hedging policies (if any) undertaken by the Group;

(ix) making recommendation to the Board of Directors on the proposals to shareholders on the appointment and re-appointment of the internal and external auditors, and approving the remuneration and terms of engagement of the internal and external auditors;

(x) reviewing transactions falling within the scope of Chapter 10 of Catalist Rules;

(xi) reviewing the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures;

(xii) reviewing arrangements by which our Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

DIRECTORS' STATEMENT

6. **Audit committee** (Continued)

(xiii) reviewing Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

(xiv) undertaking such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(xv) reviewing and approving any proposed repayment of the shareholders' loans (or any part thereof); and

(xvi) generally undertaking such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. **Independent auditors**

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Chee Yew Fei
Director

Ng Mun Fey
Director

Singapore
9 June 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortress Minerals Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 104 to 167, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment assessment of mining assets of Bukit Besi mine	
The Group operates mining and production of iron ore at Bukit Besi Mine located in Terengganu, Malaysia. As at 28 February 2023, the assets related to mining assets of Bukit Besi mine mainly comprise the exploration and evaluation assets, plant and equipment, mining properties and right-of-use assets. The total carrying amount of the assets related to mining assets of Bukit Besi mine represent a significant portion of the Group's total assets. Management has determined that there are no indications of impairment on the Group's mining assets, taking into consideration the remaining estimated mining resources, production costs, iron ore prices and continuation of the exploration and production activities. We focused on the impairment assessment of mining assets of Bukit Besi mine as a key audit matter because these assets contribute significantly to the Group's financial statements. Refer to Notes 2.4, 2.5, 2.7, 2.9, 2.10, 3.1, 5, 6, 7 and 8 to the financial statements.	We performed the following audit procedures, amongst others: • Evaluated management's assessment of whether there was any indication that mining assets of Bukit Besi mine may be impaired; • Perused the reports issued by management's external expert to understand the basis for the estimated mining resources, and assessed the competence, capabilities and objectivity of that expert; obtained an understanding of the work of that expert; evaluated the appropriateness of that expert's work; • Performed physical sighting of exploration and evaluation assets, plant and equipment and mining properties on a sample basis; and • Evaluated the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment assessment of goodwill arising from the acquisition of Fortress Mengapur Sdn. Bhd. ("FMeSB") and its subsidiaries (the "FMeSB Group")	
As at 28 February 2023, the Group's goodwill amounted to US$3,010,462 which had been allocated to single cash-generating-unit ("CGU") which is Fortress Mengapur Sdn. Bhd. ("FMeSB") and its subsidiaries (the "FMeSB Group"). The FMeSB Group operates Mengapur mine located in Pahang, Malaysia. Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually, or more frequently if there are indications that these goodwill may be impaired. For the purpose of impairment assessment, management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amounts for the cash generating units to which the goodwill belong. Shortfall (if any) between the recoverable amount and the carrying amount of the respective cash generating unit would be recognised as an impairment loss. Arising from the above assessment, no impairment loss of goodwill was recognised during the financial year. We have determined the impairment assessment of goodwill to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, such as the anticipated annual production volume (including iron concentrate and copper concentrate), anticipated average realised selling prices, earnings before interest and tax ("EBIT") margins and discount rates. Refer to Notes 2.3, 2.8, 3.2, 4 and 10 to the financial statements.	We performed the following audit procedures, amongst others: • Conducted a visit to Mengapur mine discussed with site management and observed the current operation of the mine; understood management's process related to impairment assessment of the goodwill; • Evaluated the reasonableness of the key assumptions made by management, including referencing to historical performance, estimated mining resources and market outlook, as appropriate; • Perused the report issued by management's external expert to understand the basis for the estimated mining resources, and assess the competence, capabilities and objectivity of that expert; obtain an understanding of the work of that expert; evaluate the appropriateness of that expert's work; • Engaged our internal valuation specialist to evaluate the appropriateness of the value-in-use calculation model and reasonableness of the discount rate used by management against market data, as appropriate; • Performed sensitivity analysis on the key assumptions used in cash flow forecasts; and • Evaluated the adequacy of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SSAs 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 financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company, and by the subsidiary corporation in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Liang Hongzhou.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
9 June 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

	Note	Group 2023 US$	Group 2022 US$	Company 2023 US$	Company 2022 US$
ASSETS					
Non-current assets					
Investments in subsidiaries	4	**–**	–	**43,202,161**	43,506,085
Exploration and evaluation assets	5	**6,501,873**	3,569,637	**–**	–
Mining properties	6	**40,128,657**	41,154,609	**–**	–
Plant and equipment	7	**22,911,961**	23,394,351	**–**	–
Right-of-use assets	8	**682,770**	2,540,359	**–**	–
Deferred tax assets	9	**–**	337,581	**–**	–
Intangible asset	10	**3,010,462**	3,267,053	**–**	–
		73,235,723	74,263,590	**43,202,161**	43,506,085
Current assets					
Inventories	11	**4,672,007**	3,104,477	**–**	–
Trade receivables	12	**3,914,647**	1,317,621	**–**	–
Other receivables, deposits and prepayments	13	**4,534,959**	6,388,783	**–**	–
Amounts due from subsidiaries	14	**–**	–	**7,861,118**	7,500,000
Current income tax receivable		**196,637**	49,072	**–**	–
Financial assets at fair value through profit or loss	15	**1,466,377**	–	**–**	–
Cash and bank balances	16	**5,669,596**	6,911,225	**2,063,001**	2,609,992
		20,454,223	17,771,178	**9,924,119**	10,109,992
Total assets		**93,689,946**	92,034,768	**53,126,280**	53,616,077
EQUITY AND LIABILITIES					
Equity					
Share capital	17	**22,463,273**	22,463,273	**22,463,273**	22,463,273
Other reserves	18	**(7,964,631)**	(4,192,539)	**–**	–
Retained earnings	19	**47,741,243**	38,534,497	**17,152,427**	13,251,741
Equity attributable to owners of the Company		**62,239,885**	56,805,231	**39,615,700**	35,715,014
Non-controlling interest		**(25,183)**	(20,504)	**–**	–
Total equity		**62,214,702**	56,784,727	**39,615,700**	35,715,014
Non-current liabilities					
Bank borrowings	20	**7,734,972**	15,757,516	**5,934,968**	12,132,942
Lease liabilities	21	**52,133**	568,963	**–**	–
Deferred tax liabilities	9	**3,577,057**	3,484,378	**–**	–
Other payables	23	**2,250,031**	393,471	**2,250,031**	393,471
		13,614,193	20,204,328	**8,184,999**	12,526,413
Current liabilities					
Bank borrowings	20	**7,129,528**	6,356,953	**4,947,974**	4,947,974
Lease liabilities	21	**627,985**	1,918,110	**–**	–
Trade payables	22	**1,250,832**	985,838	**–**	–
Other payables and accruals	23	**8,759,330**	4,986,980	**358,231**	394,836
Amounts due to directors	24	**36,757**	–	**–**	–
Amounts due to subsidiaries	25	**–**	–	**19,301**	31,806
Current income tax payables		**56,619**	797,832	**75**	34
		17,861,051	15,045,713	**5,325,581**	5,374,650
Total liabilities		**31,475,244**	35,250,041	**13,510,580**	17,901,063
Total equity and liabilities		**93,689,946**	92,034,768	**53,126,280**	53,616,077

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	Note	2023 US$	2022 US$
Revenue	26	**53,547,150**	43,366,218
Cost of sales		**(15,795,541)**	(9,985,320)
Gross profit		**37,751,609**	33,380,898
Interest income		**33,297**	12,992
Other income	27	**80,668**	362,808
Selling and distribution expenses		**(6,833,410)**	(4,798,596)
Other operating expenses		**(9,175,357)**	(8,701,482)
Administrative expenses		**(1,500,797)**	(813,295)
Fair value changes on contingent consideration		**(1,786,924)**	–
Finance costs	29	**(1,012,514)**	(787,993)
Profit before income tax	30	**17,556,572**	18,655,332
Income tax expense	31	**(5,461,385)**	(4,774,618)
Profit for the financial year		**12,095,187**	13,880,714
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(3,770,807)**	(1,739,490)
Other comprehensive loss for the financial year, net of tax		**(3,770,807)**	(1,739,490)
Total comprehensive income for the financial year		**8,324,380**	12,141,224
Profit/(Loss) for the financial year attributable to:			
– Owners of the Company		**12,116,676**	13,892,410
– Non-controlling interest		**(21,489)**	(11,696)
		12,095,187	13,880,714
Total comprehensive income/(loss) for the financial year attributable to:			
– Owners of the Company		**8,344,584**	12,152,828
– Non-controlling interest		**(20,204)**	(11,604)
		8,324,380	12,141,224
Earnings per share attributable to owners of the Company (cents)			
– Basic and diluted	32	**2.42**	2.78

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	Note	Share capital US$	Capital reserve US$	Merger reserve US$	Foreign currency translation reserve US$	Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interest US$	Total equity US$
Balance at 1 March 2022		22,463,273	383,615	(3,565,976)	(1,010,178)	38,534,497	56,805,231	(20,504)	56,784,727
Profit/(Loss) for the financial year		–	–	–	–	12,116,676	12,116,676	(21,489)	12,095,187
Other comprehensive income/(loss) for the financial year									
Exchange differences on translating foreign operations		–	–	–	(3,772,092)	–	(3,772,092)	1,285	(3,770,807)
Total comprehensive income/(loss) for the financial year		–	–	–	(3,772,092)	12,116,676	8,344,584	(20,204)	8,324,380
Total transactions with owners, recognised directly in equity									
Effect of change of interest in a subsidiary	4	–	–	–	–	(15,530)	(15,530)	15,525	(5)
Dividends	33	–	–	–	–	(2,894,400)	(2,894,400)	–	(2,894,400)
Total transactions with owners		–	–	–	–	(2,909,930)	(2,909,930)	15,525	(2,894,405)
Balance at 28 February 2023		**22,463,273**	**383,615**	**(3,565,976)**	**(4,782,270)**	**47,741,243**	**62,239,885**	**(25,183)**	**62,214,702**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	Note	Share capital US$	Capital reserve US$	Merger reserve US$	Foreign currency translation reserve US$	Retained earnings US$	Total attributable to owners of the Company US$	Non-controlling interest US$	Total equity US$
Balance at 1 March 2021		22,463,273	383,615	(3,565,976)	729,404	28,407,131	48,417,447	(8,905)	48,408,542
Profit/(Loss) for the financial year		–	–	–	–	13,892,410	13,892,410	(11,696)	13,880,714
Other comprehensive income/(loss) for the financial year									
Exchange differences on translating foreign operations		–	–	–	(1,739,582)	–	(1,739,582)	92	(1,739,490)
Total comprehensive income/(loss) for the financial year		–	–	–	(1,739,582)	13,892,410	12,152,828	(11,604)	12,141,224
Total transactions with owners, recognised directly in equity									
Issuance of shares to non-controlling interest of a subsidiary		–	–	–	–	–	–	5	5
Dividends	33	–	–	–	–	(3,765,044)	(3,765,044)	–	(3,765,044)
Total transactions with owners		–	–	–	–	(3,765,044)	(3,765,044)	5	(3,765,039)
Balance at 28 February 2022		22,463,273	383,615	(3,565,976)	(1,010,178)	38,534,497	56,805,231	(20,504)	56,784,727

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	2023 US$	2022 US$
Operating activities		
Profit before income tax	**17,556,572**	18,655,332
Adjustments for:		
Amortisation of mining properties	**747,826**	417,851
Depreciation of plant and equipment	**2,935,502**	2,643,961
Depreciation of right-of-use assets	**1,649,361**	973,863
Loss on modification of lease contracts	**8,942**	5,949
Interest income	**(33,297)**	(12,992)
Interest expense	**1,012,514**	787,993
Bad debt written off	**5,399**	11,938
Fair value loss on contingent consideration	**1,786,924**	–
Plant and equipment written off	**7,116**	–
Gain on disposal of plant and equipment	**(14,816)**	(34,318)
Unrealised foreign exchange loss/(gain)	**688,805**	(365,851)
Operating cash flows before working capital changes	**26,350,848**	23,083,726
Working capital changes:		
Inventories	**(807,915)**	(1,678,515)
Trade and other receivables	**(1,944,478)**	7,736,450
Trade and other payables	**4,310,628**	(523,631)
Cash generated from operations	**27,909,083**	28,618,030
Income tax paid	**(5,409,150)**	(5,920,422)
Income tax refunded	**6,070**	–
Net cash flow from operating activities	**22,506,003**	22,697,608
Investing activities		
Additions of exploration and evaluation assets	**(3,124,548)**	(336,938)
Additions of mining properties	**(1,727,257)**	(7,104,103)
Additions of plant and equipment	**(3,908,224)**	(7,822,800)
Acquisition of a subsidiary	**–**	(21,000,000)
Acquisition of additional shares in a subsidiary from non-controlling interests	**(5)**	–
Proceeds from disposal of plant and equipment	**38,767**	131,614
Purchase of financial asset at fair value through profit or loss, net	**(1,448,889)**	–
Interest received	**15,810**	12,992
Net cash used in investing activities	**(10,154,346)**	(36,119,235)
Financing activities		
Repayment of bank borrowings (Note A)	**(7,437,245)**	(4,863,776)
Interest paid on bank borrowings (Note A)	**(959,034)**	(723,711)
Repayment of principal portion of lease liabilities (Note A)	**(2,050,860)**	(1,520,806)
Repayment of interest portion of lease liabilities (Note A)	**(53,480)**	(64,282)
Proceeds from borrowings (Note A)	**–**	23,300,000
Proceed from issuance of new ordinary share to non-controlling interest by a subsidiary	**–**	5
Increase in short-term deposit pledged	**(975)**	(2,000,796)
Dividends paid	**(2,894,400)**	(3,765,044)
Net cash flow (used in)/from financing activities	**(13,395,994)**	10,361,590
Net change in cash and cash equivalents	**(1,044,337)**	(3,060,037)
Effect of exchange rate changes on cash and cash equivalents	**(198,267)**	170,204
Cash and cash equivalents at beginning of financial year	**4,910,429**	7,800,262
Cash and cash equivalents at end of financial year (Note 16)	**3,667,825**	4,910,429

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

Note A: Reconciliation of liabilities arising from financing activities

			Non cash changes						
	At 1 March 2022	Cash flows	Additions of plant and equipment under bank borrowings	Additions of right-of-use assets	Reassessment and modification of leases	Accretion of interest	Amortisation of borrowing cost	Foreign currency translation	At 28 February 2023
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Bank borrowings	22,114,469	(8,396,279)	496,340	–	–	896,606	62,428	(309,064)	**14,864,500**
Lease liabilities	2,487,073	(2,104,340)	–	1,334,229	(954,483)	53,480	–	(135,841)	**680,118**
	24,601,542	(10,500,619)	496,340	1,334,229	(954,483)	950,086	62,428	(444,905)	**15,544,618**

			Non cash changes						
	At 1 March 2021	Cash flows	Additions of plant and equipment under bank borrowings	Additions of right-of-use assets	Reassessment and modification of leases	Accretion of interest	Amortisation of borrowing cost	Foreign currency translation	At 28 February 2022
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Bank borrowings	1,954,776	17,712,513	1,793,640	–	–	668,923	54,788	(70,171)	22,114,469
Lease liabilities	235,711	(1,585,088)	–	3,994,198	(227,300)	64,282	–	5,270	2,487,073
	2,190,487	16,127,425	1,793,640	3,994,198	(227,300)	733,205	54,788	(64,901)	24,601,542

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

Fortress Minerals Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore and its registered office and principal place of business are located at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 and 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia respectively. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registration number of the Company is 201732608K.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The Company's ultimate controlling party is Chee Yew Fei, who is a Director of the Company as at 28 February 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are expressed in US$, unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 March 2022

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Company has not decided to early adopt. The Company does not expect any of these standards upon adoption will have a material impact to the Company.

Management anticipates that the adoption of the above SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same financial year as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Goodwill (Note 10) is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.4 Exploration and evaluation assets

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss, unless the Group concludes that a future economic benefit is more likely than not to be realised. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are initially measured at cost less any impairment loss that has been recognised in profit or loss. Costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities. The carrying values of capitalised evaluation expenditure for undeveloped mining projects (projects for which the decision to mine has not yet been approved at the appropriate authorisation level within the Group) are reviewed at each reporting date for indicators of impairment in accordance with SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*, and when indicators are identified are tested in accordance with SFRS(I) 1-36 *Impairment of Assets*.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred. Licenses cost paid in connection with a right to explore in existing exploration area are capitalised and amortised over the term of the permit.

No amortisation is charged during exploration and evaluation phase. Exploration and evaluation assets are transferred to mining properties when the resources are established and development is sanctioned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.5 Mining properties

All items of mining properties are recognised at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is calculated based on unit-of-production method over the economically recoverable resources of the mine concerned, except in the case of the mining property whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Amortisation of mining properties is capitalised under inventories and subsequently recognised in the profit or loss under cost of sales.

Mining properties are not amortised until the construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for production.

At the end of each reporting period, the carrying amount of an item of mining properties is assessed for impairment annually and wherever there is an indication that the carrying amount may be impaired.

Management assesses the estimated recoverable resource of mine at each reporting period and the actual result may vary due to actual production is different from forecast production based on economical recoverable resources or impacted by present assessment of economically recoverable resources of the mine property at which the asset is located. If expectation differ from previous estimates, the changes are accounted for as a change in accounting estimates and are accounted for prospectively.

A mining property is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

During the production phase of a mine, stripping costs are accounted for as production costs and included in the cost of inventory produced during the period except for stripping costs incurred to provide access to sources of resources that will be produced in future periods and would not otherwise have been accessible, which are capitalised to the cost of mining properties and amortised based on a unit-of-production method over the economically recoverable resources that directly benefit from the stripping activity.

2.6 Subsidiaries

Investment in subsidiaries are carried at cost, less impairment loss, if any, in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.7 Plant and equipment

All items of plant and equipment are initially recognised at cost. The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Plant and equipment are subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on plant and equipment is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful life, on the following bases:

	Years
Furniture and fittings	5
Office equipment	5
Site equipment	5
Plant and machinery	5 to 10
Motor vehicles	5

Capital work-in progress represents installation of equipment in progress. No depreciation is charged on capital work-in-progress as they are not yet ready for their intended use as at the end of reporting period. Capital work-in-progress is classified to the appropriate category of plant and equipment when the assets are completed and ready for use. The depreciation of capital work-in-progress commences when they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

The carrying amount of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.9 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.9 Leases (Continued)

As lessee (Continued)

Initial measurement (Continued)

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful life, on the following bases:

	Years
Premises	3 to 4
Motor vehicles	2

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.10 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.9 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets except for exploration and evaluation assets

Assets other than goodwill

The carrying amounts of non-financial assets except for exploration and evaluation assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting date as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. 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. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is recognised separately as intangible assets and is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

Goodwill is allocated on initial recognition to each of the Group's cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments

The Group and the Company shall recognise a financial asset or a financial liability in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classify their financial assets as measured at amortised cost. The classification depends on the business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify the affected financial assets when and only when the Group and the Company change their business model for managing these financial assets. The Group's and the Company's accounting policy for financial assets is as follows:

Amortised cost

These assets arise principally from the provision of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then 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 provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables and deposits, cash and bank balances and amounts due from subsidiaries are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where 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 for 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's and the Company's financial assets measured at amortised cost comprise trade receivables, other receivables and deposits (excluding prepayments), cash and bank balances and amounts due from subsidiaries in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial assets at fair value through profit or loss ("FVTPL")

An instrument is classified as at fair value through profit or loss ("FVTPL") if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in the profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss exclude interest and dividend income.

Financial liabilities

The Group and the Company classify all financial liabilities as subsequently measured at amortised cost except for contingent consideration in a business combination which is measured at fair value to profit or loss. The Group and the Company determine the classification of their financial liabilities at initial recognition.

Trade and other payables (excluding contingent consideration), amounts due to directors and amounts due to subsidiaries

Trade and other payables (excluding contingent consideration), amounts due to directors and amounts due to subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

Interest-bearing bank borrowings are initially measured at fair value, net of transaction cost and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's and the Company's accounting policy for borrowing costs (Note 2.17).

Bank borrowings are presented as current liabilities unless the Group and the Company have unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss allowance determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a first-in, first-out basis. The cost of iron ores comprises direct labour, other direct cost, direct attributable expenses and related production overheads. While the cost of consumables includes all of cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.13 Cash and bank balances

Cash and bank balances comprise cash on hand, cash and deposits with banks and other short-term highly liquid investment which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in fair value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents excludes any pledged deposits.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

2.16 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes), if any. The consideration promised in the contracts with customers may include fixed amounts and variable amounts. Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.16 Revenue recognition (Continued)

Sales of goods

The Group's sales of goods comprised mainly sales of iron ores to customers. Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. Performance obligations are satisfied when the controls of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component as the Group either obtains the letter of credit from its customers or is on a credit term at the range of seven (7) to fourteen (14) days from invoice date which coincide when control transfers to the customer.

Revenue from these sales is recognised based on the price for the quotation period as stipulated in the contract, net of price adjustment for the products impurities and specification adjustments as stipulated in the contract. The effect of product impurities and specification does not impact on the passing of control to the customers as the effects have been insignificant historically.

Sundry revenue (i.e. sales of insignificant by-products) incidental to the main revenue-generating activities of the operations, is treated as other operating income.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the financial year in which they are incurred using the effective interest method.

2.18 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in the financial year in which the related service is performed. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes and has no legal and constructive obligation to pay further once the payments are made.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.19 Income tax

Income tax expense comprise current income tax and deferred tax expense.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior financial years shall measured at the amount expected to be paid to the taxation authority, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period and any adjustment to income tax payable in respect of previous financial year. Management evaluates its income tax provisions on periodical basis.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of assets and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, if any, is taken into account in calculating goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2. Summary of significant accounting policies (Continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.21 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments, if any, arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants relating to expenses are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Such government grants are presented under "Other income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

3. Critical accounting judgements and key sources of estimation uncertainty

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the application of the Group's accounting policies, which are described in Note 2 to the financial statement, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's and the Company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Impairment assessment of mining assets

The Group assesses these assets at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is determined as the higher of fair value less costs to sell and value in use. In determining if there are indicators of impairment of these assets, judgement is used to consider if there are external and internal sources of information that indicates these assets may be impaired. The Group has determined that there are no indications of impairment on mining assets taking into consideration the remaining estimated mining resource, production costs, iron ore prices and continuation of the production activities.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

Amortisation of mining properties

Mining properties are amortised on a unit of production basis over the economically recoverable resources of the mine concerned except for the mining rights which is amortised over the term of permit. Management have engaged external expert to review and revise the estimates of the recoverable resources of the mines and remaining useful life and residual values of mining properties at the end of each reporting date. Any changes in estimates of the recoverable resource of the mine and, the useful life and residual values of the mining properties would impact the amortisation charges and consequently affect the Group's financial performance. The carrying amount of mining properties as at 28 February 2023 was US$40,128,657 (2022: US$41,154,609).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of goodwill arising from acquisition of FMeSB and its subsidiaries ("FMeSB Group")

Management determines whether goodwill is impaired at least on an annual basis and whenever there is an indication that they are impaired. The process of evaluating potential impairment of goodwill requires significant judgements and assumptions. Management estimates the recoverable amount of the cash-generating-unit ("CGU") to which the goodwill has been allocated. Recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to discount rate used for the discounted cash flow model as well as the expected future cash inflows. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss. The carrying amount of the Group's goodwill as at 28 February 2023 was US$3,010,462 (2022: US$3,267,053). The details of the goodwill and the impairment test are set out in Note 10 to the financial statements.

4. Investments in subsidiaries

	Company	
	2023	**2022**
	US$	**US$**
Unquoted equity investments, at cost	**43,618,432**	43,506,085
Allowance for Impairment loss	**(416,271)**	–
	43,202,161	43,506,085

Movements in unquoted equity investment, at cost were as follows:

	Company	
	2023	**2022**
	US$	**US$**
Balance at beginning of financial year	**43,506,085**	12,402,992
Acquisition of a subsidiary	**–**	30,626,849
Acquisition of additional shares in a subsidiary from non-controlling interests	**5**	–
Incorporation of subsidiaries	**65**	44
Additional capital contribution	**112,277**	476,200
Balance at end of financial year	**43,618,432**	43,506,085

Movements in allowance for impairment loss were as follows:

	Company	
	2023	**2022**
	US$	**US$**
Balance at beginning of financial year	**–**	–
Impairment loss during the financial year	**(416,271)**	–
Balance at end of financial year	**(416,271)**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

As at the end of the reporting period, the Company carried out a review of the investment in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Following the review, an impairment loss of US$416,271 was recognised in the "Administrative expenses" in the Company's profit or loss for the current financial year. The recoverable amount of the impaired subsidiary was determined based on the fair value less cost of disposal ("FVLCOD"). The FVLCOD of the impaired subsidiary was assessed to be the expected cash flow recoverable in the event of disposal. The fair value measurement is categorised as a level 3 in the fair value hierarchy.

(a) During the current financial year ended 28 February 2023:

(i) Incorporation of Fortress Cu Sdn. Bhd. ("FCuSB")

On 29 June 2022, the Company incorporated a wholly-owned subsidiary in Malaysia known as Fortress Cu Sdn. Bhd. ("FCuSB"), with an issued and paid up capital of MYR100 (equivalent to US$23) comprising one hundred (100) ordinary shares. The principal activity of this company is for the acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals.

(ii) Incorporation of Fortress Ni Sdn. Bhd. ("FNiSB")

On 25 October 2022, the Company incorporated a wholly-owned subsidiary in Malaysia known as Fortress Ni Sdn. Bhd. ("FNiSB"), with an issued and paid up capital of MYR100 (equivalent to US$21) comprising one hundred (100) ordinary shares. The principal activity of this company is for the acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals.

(iii) Incorporation of Fortress SiO2 Sdn. Bhd. ("FSiO2")

On 26 October 2022, the Company incorporated a wholly-owned subsidiary in Malaysia known as Fortress SiO2 Sdn. Bhd. ("FSiO2"), with an issued and paid up capital of MYR100 (equivalent to US$21) comprising one hundred (100) ordinary shares. The principal activity of this company is for the acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals.

(iv) Additional share capital in a subsidiary – Fortress Shared Services Sdn. Bhd. ("FSSSB")

On 22 July 2022, the Company further injected MYR499,900 (equivalent to US$112,277) of capital into an existing subsidiary, FSSSB. The capital injection contribution was satisfied through full cash settlement.

(v) Acquisition of additional interest in a subsidiary – Fortress Drilltech Sdn. Bhd. ("FDTSB")

On 1 July 2022, the Company acquired the remaining 20% equity interest in FDTSB, which is now wholly-owned by the Group. The changes in the ownership interest of FDTSB had the following effect on the equity attributable to owners of the parent during the financial year:

	US$
Carrying amount of non-controlling interests acquired	(15,525)
Consideration paid to non-controlling interests	(5)
Excess of consideration paid recognised in equity	(15,530)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

(b) In the previous financial year ended 28 February 2022:

(i) Incorporation of Fortress Shared Services Sdn. Bhd. ("FSSSB")

On 2 March 2021, the Company incorporated a wholly-owned subsidiary in Malaysia known as Fortress Shared Services Sdn. Bhd. ("FSSSB"), with an issued and paid up capital of MYR100 (equivalent to US$25) comprising one hundred (100) ordinary shares. The principal activity of this company is to serve its function as a centre of excellence and provide support across the Group's financial accounting, payroll, information technology, purchasing, corporate services and other shared services.

(ii) Incorporation of Fortress Drilltech Sdn. Bhd. ("FDTSB")

On 12 May 2021, the Company incorporated a subsidiary in Malaysia known as Fortress Drilltech Sdn. Bhd. ("FDTSB"), with an issued and paid up capital of MYR100 comprising one hundred (100) ordinary shares. The principal activity of this company is to provide site preparation activities such as drilling and blasting works and mining work. The Company holds 80% equity interest of FDTSB amounting to MYR80 (equivalent to US$19).

(iii) Additional share capital in a subsidiary – Fortress Metals Sdn. Bhd. ("Fortress Metals")

On 28 February 2022, the Company further injected MYR2,000,000 (equivalent to US$476,200) of capital into an existing subsidiary, Fortress Metals. The capital injection contribution was settled by way of amounts due from subsidiaries.

(iv) Acquisition of Fortress Mengapur Sdn. Bhd. ("FMeSB") (formally known as Monument Mengapur Sdn. Bhd. ("MMSB")) and its subsidiaries (the "FMeSB Group")

The Company had, on 8 January 2021, entered into a conditional share purchase agreement (the "SPA") with Monument Mining Limited (the "Vendor") for the acquisition of the entire issued and paid-up share capital in MMSB for a cash consideration of US$30,000,000 in accordance with the terms and conditions of the SPA.

In connection with the acquisition, the Company has also on the same date entered into a royalty agreement with the Vendor for the payment of royalties by the Company at the rate of 1.25% of gross revenue on all mineral products produced in forms ready for sale from the area within the boundaries of the entire tenements held by MMSB's subsidiaries namely Cermat Aman Sdn. Bhd. ("CASB") and Star Destiny Sdn. Bhd. ("SDSB"), save for free digging oxide magnetite iron materials contained on the top soil at certain areas of the tenement held by CASB in accordance with the terms thereof.

The fair value of the contingent consideration which amounted to US$626,849 is determined using the discounted cash flow method. This is a level 3 fair value measurement.

The acquisition has been approved by shareholders at an extraordinary general meeting convened on 16 February 2021.

On 3 March 2021, the Company entered into a credit facilities with a bank on a term loan of US$21,000,000 to finance the acquisition of MMSB (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. **Investments in subsidiaries** (Continued)

(b) In the previous financial year ended 28 February 2022: (Continued)

(iv) Acquisition of Fortress Mengapur Sdn. Bhd. ("FMeSB") (formally known as Monument Mengapur Sdn. Bhd. ("MMSB")) and its subsidiaries (the "FMeSB Group") (Continued)

The acquisition was completed on 7 April 2021. Following the completion of the acquisition, MMSB has become a wholly-owned subsidiary of the Company. The Company acquired the above subsidiary in order to achieve the Company's objective to become a significant regional player in the iron ore industry and its efforts to explore and develop a number of iron ore assets across Malaysia, as well as complement its existing portfolio of advanced iron ore projects.

Effective from 10 May 2021, MMSB change its' name to Fortress Mengapur Sdn. Bhd..

In the previous financial year, the Group completed the purchase price allocation ("PPA") arising from the acquisition of the FMeSB Group and recognised goodwill of US$3,267,053 (Note 10).

The fair values of the identifiable assets and liabilities of the FMeSB Group as at the date of acquisition were:

	US$
Purchase consideration	
Cash paid	30,000,000
Contingent consideration (Note 23)	626,849
	30,626,849
Assets/(Liabilities)	
Plant and equipment (Note 7)	500,000
Mining properties (Note 6)	28,995,430
Other receivables and deposit	64,098
Deferred tax liabilities (Note 9)	(2,199,732)
Net identifiable net assets at fair values	27,359,796
Goodwill arising on acquisition (Note 10)	3,267,053

The effects of the acquisition on cash flows of the Group are as follows:

	US$
Cash deposit paid in previous financial year	9,000,000
Contingent consideration	626,849
Investments in subsidiaries	(30,626,849)
Net cash outflow of the Group on acquisition in previous financial year	(21,000,000)

From the date of acquisition up to 28 February 2022, the FMeSB Group had incurred a net loss after tax of US$319,720 & US$Nil revenue. There is no significant difference in impact to the Group's revenue and profits for the previous financial year even if the combination had taken place at the beginning of the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

(b) In the previous financial year ended 28 February 2022: (Continued)

(iv) Acquisition of Fortress Mengapur Sdn. Bhd. ("FMeSB") (formally known as Monument Mengapur Sdn. Bhd. ("MMSB")) and its subsidiaries (the "FMeSB Group") (Continued)

Goodwill of US$3,267,053 arising from the acquisition is primarily attributed to the ability of the Group to sustain and grow its business by increasing resources through new discoveries and the ability to capture unique synergies that can be realised from managing a portfolio of both acquired and existing mines in the Group's business units.

The goodwill is not deductible for income tax purposes.

Transaction costs, comprising legal fees and due diligence costs of US$36,220 in the previous financial year have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2023 %	2022 %	2023 %	2022 %
Fortress Resources Pte. Ltd.[1] (Singapore)	Wholesale trade of a variety of goods without dominant product	**100**	100	**–**	–
Fortress Mining Sdn. Bhd.[2] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals	**100**	100	**–**	–
Fortress Dredging Sdn. Bhd.[2] (Malaysia)	Business of extraction, dredging and dealing of industrial sand, acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals	**100**	100	**–**	–
Fortress Metals Sdn. Bhd.[2] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	100	**–**	–
Fortress Mengapur Sdn. Bhd.[2] (Malaysia)	Investment holding	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2023 %	2022 %	2023 %	2022 %
Fortress Shared Services Sdn. Bhd.[2] (Malaysia)	Function as the centre of excellence and provide support across the Group's financial accounting, payroll, information technology, purchasing, corporate services and other shared service centre functions	**100**	100	**–**	–
Fortress Drilltech Sdn. Bhd.[2] (Malaysia)	To carry on business as contractors for drilling and blasting works, other site preparation activities and mining work of any kind	**100**	80	**–**	20
Fortress Cu Sdn. Bhd.[2] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	–	**–**	–
Fortress Ni Sdn. Bhd.[3] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	–	**–**	–
Fortress SiO2 Sdn. Bhd.[3] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	–	**–**	–
Held by Fortress Mining Sdn. Bhd.					
Fortress Logistics Sdn. Bhd.[2] (Malaysia)	Transport of iron ore and minerals, renting of transport equipment and vehicles and supporting services for transport equipment and vehicles	**100**	100	**–**	–
Fortress Industries Sdn. Bhd.[2] (Malaysia)	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	**100**	100	**–**	–
Fortress Fe Sdn. Bhd.[2] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**75**	75	**25**	25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2023 %	2022 %	2023 %	2022 %
Held by Fortress Cu Sdn. Bhd.					
Saga Mineral Sdn. Bhd.[(2)#] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**65**	–	**35**	–
Held by Fortress Ni Sdn. Bhd.					
Kencana Primary Sdn. Bhd.[(3)#] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**51**	–	**49**	–
Held by Fortress Mengapur Sdn. Bhd.					
Cermat Aman Sdn. Bhd.[(2)] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	100	**–**	–
Star Destiny Sdn. Bhd.[(2)] (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	**100**	100	**–**	–

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO PLT, Malaysia
(3) Not required to be audited and not considered a significant subsidiary under Rule 718 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual

The non-controlling interests of Fortress Fe Sdn Bhd, Saga Mineral Sdn. Bhd. and Kencana Primary Sdn. Bhd. that are not 100% owned by the Group are considered to be insignificant.

Acquisition of Saga Mineral Sdn. Bhd. ("SMSB") and Kencana Primary Sdn. Bhd. ("KPSB")

The Group entered into an agreement with third parties to partially acquire the equity interest of SMSB and KPSB, these acquisitions has been accounted for as acquisition of assets and liabilities because they do not meet the definition of a business combination. The details of the acquisitions are as follows:

Acquisition of Saga Mineral Sdn. Bhd. ("SMSB")

On 1 September 2022, the Group entered into a conditional share purchase agreement (the "SPA") with a third party for the acquisition of 65% equity interest of SMSB for a cash consideration of MYR5,000,000 (approximately US$1,115,000) constituting:

i) MYR500,000 (approximately US$114,000) paid upon transfer of shares. The amount was recognised as prepayment as of 28 February 2023 as disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

4. Investments in subsidiaries (Continued)

Acquisition of Saga Mineral Sdn. Bhd. ("SMSB") and Kencana Primary Sdn. Bhd. ("KPSB") (Continued)

Acquisition of Saga Mineral Sdn. Bhd. ("SMSB") (Continued)

ii) MYR2,000,000 (approximately US$446,000) payable upon granting of prospecting license and fulfilling certain related conditions. Subsequent to the financial year ended 28 February 2023, the related conditions were met and MYR2,000,000 (approximately US$446,000) was paid.

iii) The balance consideration of MYR2,500,000 (approximately US$555,000) is payable once certain licenses are obtained in accordance with the terms and conditions of the SPA. The terms and conditions have yet to be met as of date of these financial statements.

Acquisition of Kencana Primary Sdn. Bhd. ("KPSB")

On 1 December 2022, the Group entered into a conditional share purchase agreement (the "SPA") with a third party for the acquisition of 51% equity interest of KPSB for a cash consideration of MYR5,450,000 (approximately US$1,215,000) constituting:

i) MYR950,000 (approximately US$214,000) paid upon transfer of shares. The amount was recognised as prepayment as of 28 February 2023 as disclosed in Note 13 to the financial statements.

ii) MYR2,000,000 (approximately US$446,000) payable upon granting of prospecting license and fulfilling certain related conditions. Subsequent to the financial year ended 28 February 2023, the related conditions were met and MYR2,000,000 (approximately US$446,000) was paid.

iii) The balance consideration of MYR2,500,000 (approximately US$555,000) is payable once certain licenses are obtained in accordance with the terms and conditions of the SPA. The terms and conditions have yet to be met as of date of these financial statements.

5. Exploration and evaluation assets

	Group	
	2023	**2022**
	US$	**US$**
Balance at beginning of financial year	**3,569,637**	3,306,243
Additions	**3,199,865**	382,078
Exchange translation differences	**(267,629)**	(118,684)
Balance at end of financial year	**6,501,873**	3,569,637

The carrying amount of the exploration and evaluation assets relates to the exploration of new area of interests in the Bukit Besi mine and Mengapur mine. Recoverability of exploration and evaluation assets is dependent on successful development and commercial exploitation of the mineral resources, or alternatively sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

5. Exploration and evaluation assets (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to exploration and evaluation assets during the financial year were financed as follows:

	Group	
	2023	**2022**
	US$	**US$**
Additions of exploration and evaluation assets	**3,199,865**	382,078
Non-cash item due to capitalisation of:		
– depreciation of right-of-use assets	**–**	(36,754)
– depreciation of plant and equipment	**(75,317)**	(8,386)
Cash payments to additions of exploration and evaluation assets	**3,124,548**	336,938

6. Mining properties

	Group	
	2023	**2022**
	US$	**US$**
Cost		
Balance at beginning of financial year	**42,754,501**	7,336,054
Additions	**1,737,213**	7,104,103
Acquisition of subsidiaries (Note 4)	**–**	28,995,430
Exchange translation differences	**(1,990,812)**	(681,086)
Balance at end of financial year	**42,500,902**	42,754,501
Amortisation		
Balance at beginning of financial year	**1,599,892**	1,173,729
Charge for the financial year	**884,398**	472,004
Exchange translation differences	**(112,045)**	(45,841)
Balance at end of financial year	**2,372,245**	1,599,892
Carrying amount		
Balance at end of financial year	**40,128,657**	41,154,609

The Group's amortisation charges for the financial years are allocated as follows:

	Group	
	2023	**2022**
	US$	**US$**
Charged to profit or loss	**747,826**	417,851
Capitalised as inventories	**136,572**	54,153
	884,398	472,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

6. Mining properties (Continued)

For the purpose of the consolidated statement of cash flows, the Group's additions to mining properties during the financial year were financed as follows:

	Group	
	2023	**2022**
	US$	**US$**
Additions of mining properties	**1,737,213**	7,104,103
Non-cash item due to capitalisation of:		
– depreciation of plant and equipment	**(9,956)**	–
Cash payments to additions of mining properties	**1,727,257**	7,104,103

7. Plant and equipment

	Furniture and fittings US$	Office equipment US$	Site equipment US$	Plant and machinery US$	Motor vehicles US$	Capital work-in-progress US$	Total US$
Group							
Cost							
Balance at 1 March 2022	38,370	230,090	1,090,851	11,958,775	9,370,881	9,116,787	31,805,754
Additions	7,839	43,633	245,033	565,722	859,370	3,313,973	5,035,570
Reclassification	–	–	–	8,056,808	–	(8,056,808)	–
Disposal	–	–	(1,039)	–	(53,091)	–	(54,130)
Written off	–	–	–	–	(10,166)	–	(10,166)
Exchange translation differences	(2,530)	(15,131)	(72,217)	(868,628)	(591,632)	(677,720)	(2,227,858)
Balance at 28 February 2023	**43,679**	**258,592**	**1,262,628**	**19,712,677**	**9,575,362**	**3,696,232**	**34,549,170**
Accumulated depreciation							
Balance at 1 March 2022	(18,569)	(55,792)	(523,875)	(4,027,820)	(3,785,347)	–	(8,411,403)
Depreciation for the financial year	(6,239)	(45,813)	(189,281)	(1,734,680)	(1,852,704)	–	(3,828,717)
Disposal	–	–	–	–	30,179	–	30,179
Written off	–	–	–	–	3,050	–	3,050
Exchange translation differences	1,257	4,124	35,615	277,436	251,250	–	569,682
Balance at 28 February 2023	**(23,551)**	**(97,481)**	**(677,541)**	**(5,485,064)**	**(5,353,572)**	**–**	**(11,637,209)**
Net carrying amount							
Balance at 28 February 2023	**20,128**	**161,111**	**585,087**	**14,227,613**	**4,221,790**	**3,696,232**	**22,911,961**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

7. Plant and equipment (Continued)

	Furniture and fittings US$	Office equipment US$	Site equipment US$	Plant and machinery US$	Motor vehicles US$	Capital work-in-progress US$	Total US$
Group							
Cost							
Balance at 1 March 2021	20,661	81,584	732,899	12,073,700	7,907,841	1,436,503	22,253,188
Additions	18,451	151,435	384,261	331,337	1,959,373	7,284,928	10,129,785
Acquisition of subsidiaries (Note 4)	–	–	–	–	–	500,000	500,000
Disposal	–	–	–	(12,856)	(212,466)	–	(225,322)
Exchange translation differences	(742)	(2,929)	(26,309)	(433,406)	(283,867)	(104,644)	(851,897)
Balance at 28 February 2022	38,370	230,090	1,090,851	11,958,775	9,370,881	9,116,787	31,805,754
Accumulated depreciation							
Balance at 1 March 2021	(11,990)	(25,693)	(381,164)	(2,900,283)	(2,328,932)	–	(5,648,062)
Depreciation for the financial year	(7,065)	(31,267)	(157,632)	(1,251,547)	(1,671,097)	–	(3,118,608)
Disposal	–	–	–	10,070	117,956	–	128,026
Exchange translation differences	486	1,168	14,921	113,940	96,726	–	227,241
Balance at 28 February 2022	(18,569)	(55,792)	(523,875)	(4,027,820)	(3,785,347)	–	(8,411,403)
Net carrying amount							
Balance at 28 February 2022	19,801	174,298	566,976	7,930,955	5,585,534	9,116,787	23,394,351

The carrying amounts of plant and equipment of the Group secured by bank borrowings (Note 20) as at 28 February 2023 were US$3,131,449 (2022: US$3,489,903).

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the financial year were financed as follows:

	Group 2023 US$	Group 2022 US$
Additions of plant and equipment	**5,035,570**	10,129,785
Acquired under bank borrowings	**(496,340)**	(1,793,640)
Depreciation of plant and equipment	**(277,511)**	(191,568)
Depreciation of right-of-use assets	**(128,166)**	(321,777)
Consideration payable in relation to acquisition of plant and equipment	**(225,329)**	–
Cash payments to acquire plant and equipment	**3,908,224**	7,822,800

The Group's depreciation charges for the financial years are allocated as follows:

	Group 2023 US$	Group 2022 US$
Charged to profit or loss	**2,935,502**	2,643,961
Capitalised in inventories	**530,431**	274,693
Capitalised in plant and equipment	**277,511**	191,568
Capitalised in mining properties	**9,956**	–
Capitalised in exploration and evaluation assets	**75,317**	8,386
	3,828,717	3,118,608

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

8. Right-of-use assets

	Premises US$	Motor vehicles US$	Total US$
Group			
Cost			
Balance at 1 March 2022	140,084	4,591,989	4,732,073
Additions	3,995	1,330,234	1,334,229
Reassessment and modification of leases	26,830	(2,305,762)	(2,278,932)
Exchange translation differences	(15,784)	(249,563)	(265,347)
Balance at 28 February 2023	**155,125**	**3,366,898**	**3,522,023**
Accumulated depreciation			
Balance at 1 March 2022	(65,636)	(2,126,078)	(2,191,714)
Depreciation	(69,663)	(2,020,133)	(2,089,796)
Reassessment and modification of leases	46,648	1,268,859	1,315,507
Exchange translation differences	6,009	120,741	126,750
Balance at 28 February 2023	**(82,642)**	**(2,756,611)**	**(2,839,253)**
Net carrying amount			
Balance at 28 February 2023	**72,483**	**610,287**	**682,770**
Cost			
Balance at 1 March 2021	120,291	944,399	1,064,690
Additions	83,970	3,910,228	3,994,198
Reassessment and modification of leases	(60,333)	(230,548)	(290,881)
Exchange translation differences	(3,844)	(32,090)	(35,934)
Balance at 28 February 2022	140,084	4,591,989	4,732,073
Accumulated depreciation			
Balance at 1 March 2021	(41,853)	(811,621)	(853,474)
Depreciation	(59,423)	(1,377,923)	(1,437,346)
Reassessment and modification of leases	33,936	23,696	57,632
Exchange translation differences	1,704	39,770	41,474
Balance at 28 February 2022	(65,636)	(2,126,078)	(2,191,714)
Net carrying amount			
Balance at 28 February 2022	74,448	2,465,911	2,540,359

The carrying amounts of premises and motor vehicle of the Group were secured over the lease liabilities (Note 21) as at reporting date. These assets will be seized and returned to lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

8. Right-of-use assets (Continued)

The Group's depreciation charges for the financial years are allocated as follows:

	Group	
	2023	**2022**
	US$	**US$**
Charged to profit or loss	**1,649,361**	973,863
Capitalised in inventories	**312,269**	104,952
Capitalised in plant and equipment	**128,166**	321,777
Capitalised in exploration and evaluation assets	**–**	36,754
	2,089,796	1,437,346

During the current financial year, the Group renegotiated and modified an existing lease contract for a few motor vehicles by same lease term at revised lease payments. As this revised lease payment is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with decrease to the right-of-use assets. The corresponding remeasurement to lease liability is disclosed under Note 21 to the financial statements.

9. Deferred tax

	Group	
	2023	**2022**
	US$	**US$**
Deferred tax assets	**–**	337,581
Deferred tax liabilities	**3,577,057**	3,484,378

The movements in deferred tax position are as follows:

	Group	
	2023	**2022**
	US$	**US$**
Balance at beginning of financial year	**3,146,797**	1,384,724
Acquisition of subsidiaries (Note 4)	**–**	2,199,732
Recognised in profit or loss (Note 31)	**500,269**	(391,024)
Exchange translation differences	**(70,009)**	(46,635)
Balance at end of financial year	**3,577,057**	3,146,797

The deferred tax liabilities are attributable to temporary differences arising from plant and equipment and mining properties. The deferred tax assets in the previous financial year are attributable to temporary differences arising from provision of incentive bonus.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

10. Intangible asset

	Group	
	2023	**2022**
	US$	**US$**
Goodwill		
Cost		
Balance at beginning of financial year	**3,267,053**	–
Acquisition of subsidiaries (Note 4)	**–**	3,267,053
Exchange translation differences	**(256,591)**	–
Balance at end of financial year	**3,010,462**	3,267,053

Goodwill is allocated to a single cash-generating-unit ("CGU") which is the FMeSB Group acquired by the Group in financial year ended 28 February 2022. The FMeSB Group operates the Mengapur mine located in Pahang, Malaysia.

The recoverable amount of the CGU is determined from value in use calculations based on cash flow forecasts for the next eight (8) years (2022: five (5) years) taking into account the life-of-mine ("LOM") and development plans for the Mengapur mine as part of the long-term planning process. The key assumptions for these value in use calculations are follows:

(i) The anticipated annual production volume used in the cash flow projections of the CGU ranged from 120,000 wet metric tonne ("WMT") to 233,000 WMT per annum (2022: 93,000 WMT to 406,932 WMT per annum) of iron concentrate and 7,000 tonne to 44,000 tonne per annum of copper concentrate.

(ii) The anticipated average realised selling price projected based on historical S&P Global Commodity Platts Price for iron concentrate and LME Copper Price for copper concentrate with adjustment to account for prices applied to the local market.

(iii) Earnings before interest and tax ("EBIT") margins ranged from 43% to 60% (2022: 53% to 55%).

(iv) Discount rate is determined to be 13.40% (2022: 9.52%).

Based on these assumptions, management is of the view that no impairment loss is required in relation to goodwill, and no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

11. Inventories

	Group	
	2023	**2022**
	US$	**US$**
Iron ores	**4,038,872**	2,584,444
Consumables	**633,135**	520,033
	4,672,007	3,104,477

The cost of inventories recognised as expense and included in "cost of sales" amounted to US$15,795,541 (2022: US$9,985,320).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

12. Trade receivables

	Group	
	2023	**2022**
	US$	**US$**
Trade receivables		
– third parties	**3,914,647**	1,317,621

Trade receivables are unsecured, non-interest bearing and is on a credit term of 7 to 14 days (2022: 7 to 14 days). Trade receivables for the current and previous financial years are all current and not overdue.

The Group provides for lifetime expected credit losses for trade receivables based on the Group's historical observed default rates which are adjusted with forward-looking information. At the end of each reporting date, management had assessed and determined that the expected credit losses to be insignificant as these trade receivables are settled subsequent to the financial year end.

The currency exposure profile of the trade receivables as at the end of each reporting date was United States dollar.

13. Other receivables, deposits and prepayments

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Other receivables	**1,024,820**	919,981	**–**	–
Deposits	**1,585,196**	1,686,647	**–**	–
Prepayments*	**1,924,943**	3,782,155	**–**	–
	4,534,959	6,388,783	**–**	–
Less:				
Prepayments	**(1,924,943)**	(3,782,155)	**–**	–
Add:				
Trade receivables (Note 12)	**3,914,647**	1,317,621	**–**	–
Cash and bank balances (Note 16)	**5,669,596**	6,911,225	**2,063,001**	2,609,992
Total financial assets carried at amortised cost	**12,194,259**	10,835,474	**2,063,001**	2,609,992

* Included in prepayments were partial consideration paid in advance for Saga Mineral Sdn. Bhd. ("SMSB") and Kencana Primary Sdn. Bhd. ("KPSB"). These subsidiaries are held by FCuSB and FNiSB, respectively (Note 4).

Other receivables and deposits are considered to be of low credit risk and subject to insignificant expected credit losses. Credit risk for these assets have not increased significantly since their initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

13. Other receivables, deposits and prepayments (Continued)

The currency exposure profiles of other receivables and deposits as at the end of each reporting date are as follows:

	Group	
	2023 US$	2022 US$
Malaysian ringgit	**2,595,466**	2,606,628
United States dollar	**14,550**	–
	2,610,016	2,606,628

14. Amounts due from subsidiaries

	Company	
	2023 US$	2022 US$
Amounts due from subsidiaries (non-trade)	**7,861,118**	7,500,000

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The currency exposure profile of the amounts due from subsidiaries as at the end of each reporting date was United States dollar.

15. Financial assets at fair value through profit or loss

	Group	
	2023 US$	2022 US$
Financial assets at FVTPL	**1,466,377**	–

Financial assets at FVTPL comprise a money market fund with an effective interest rate of 2.49%. The fair value of the money-market fund is classified as level 2 based on the quoted closing market prices on the last market day of the financial year.

The currency exposure profile of the financial assets at FVTPL as at the end of each reporting date was United States dollar.

16. Cash and bank balances

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Cash at banks	**3,139,183**	4,845,853	**61,230**	609,196
Cash on hand	**35,856**	60,636	**–**	–
Short-term deposits	**2,494,557**	2,004,736	**2,001,771**	2,000,796
	5,669,596	6,911,225	**2,063,001**	2,609,992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

16. Cash and bank balances (Continued)

Short-term deposits of the Group and the Company amounting to US$2,001,771 (2022: US$2,000,796) was pledged to a bank to secure credit facilities granted (Note 20).

Short term deposits bear interest from 0.05% per annum (2022: 0.15% per annum) during the financial year and with maturity of one month from the end of the financial year ended 28 February 2023.

The currency exposure profiles of cash and bank balances as at the end of each reporting date are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Malaysian ringgit	**2,051,190**	1,035,334	**32,224**	19,492
Singapore dollar	**33,112**	199,107	**4,477**	162,878
United States dollar	**3,585,294**	5,676,784	**2,026,300**	2,427,622
	5,669,596	6,911,225	**2,063,001**	2,609,992

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group	
	2023	**2022**
	US$	**US$**
Cash and bank balances	**5,669,596**	6,911,225
Less: Short-term deposits pledged	**(2,001,771)**	(2,000,796)
Cash and cash equivalents per consolidated statement of cash flows	**3,667,825**	4,910,429

17. Share capital

	Group and company			
	2023		**2022**	
Issued and fully paid:	**Number of ordinary shares**	**US$**	**Number of ordinary shares**	**US$**
Balance at beginning and end of financial year	**500,000,000**	**22,463,273**	500,000,000	22,463,273

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

18. Other reserves

	Group 2023 US$	Group 2022 US$
Capital reserve	**383,615**	383,615
Merger reserve	**(3,565,976)**	(3,565,976)
Foreign currency translation reserve	**(4,782,270)**	(1,010,178)
	(7,964,631)	(4,192,539)

Capital reserve

Capital reserve is non-distributable and arose from the difference between fair value of the interest-free loan from the FMSB's previous ultimate holding company and the loan amount at inception.

Merger reserve

Merger reserve represents the difference between the consideration paid and the issued and fully paid share capital of subsidiaries acquired under common control that are accounted for by applying the "pooling-of-interest" method.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company 2023 US$	Company 2022 US$
Balance at beginning of financial year	**13,251,741**	5,945,417
Total comprehensive income for financial year	**6,795,086**	11,071,368
Dividends (Note 33)	**(2,894,400)**	(3,765,044)
Balance at end of financial year	**17,152,427**	13,251,741

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20. Bank borrowings

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Non-current				
Secured:				
Term loans	**7,000,000**	14,252,496	**6,000,000**	12,250,000
Others	**807,705**	1,641,261	**–**	–
	7,807,705	15,893,757	**6,000,000**	12,250,000
Less: Unamortised transaction costs	**(72,733)**	(136,241)	**(65,032)**	(117,058)
	7,734,972	15,757,516	**5,934,968**	12,132,942
Current				
Secured:				
Term loans	**6,040,091**	5,260,000	**5,000,000**	5,000,000
Others	**1,151,731**	1,159,941	**–**	–
	7,191,822	6,419,941	**5,000,000**	5,000,000
Less: Unamortised transaction costs	**(62,294)**	(62,988)	**(52,026)**	(52,026)
	7,129,528	6,356,953	**4,947,974**	4,947,974
Total borrowings				
Term loans	**13,040,091**	19,512,496	**11,000,000**	17,250,000
Others	**1,959,436**	2,801,202	**–**	–
	14,999,527	22,313,698	**11,000,000**	17,250,000
Less: Unamortised transaction costs	**(135,027)**	(199,229)	**(117,058)**	(169,084)
	14,864,500	22,114,469	**10,882,942**	17,080,916

The maturity analysis of bank borrowings of the Group at the end of the reporting date are as follows:

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Payable				
– No later than one financial year	**7,129,528**	6,356,953	**4,947,974**	4,947,974
– Between one and two financial years	**6,698,839**	13,417,927	**4,947,974**	9,895,948
– Between two and five financial years	**1,036,133**	2,339,589	**986,994**	2,236,994
	14,864,500	22,114,469	**10,882,942**	17,080,916

The carrying amounts of non-current bank borrowings as at end of reporting period approximates its fair values due to market borrowing rates ranging from 2.98% to 7.17% (2022: 2.63% to 3.35%) have been applied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

20. Bank borrowings (Continued)

The Group's secured bank borrowings are secured as follows:

(i) legal charges on certain motor vehicles and machinery (Note 7);

(ii) shares in certain subsidiaries are pledged to a financial institution;

(iii) guarantees from the Company and certain subsidiaries of the Company; and

(iv) pledge over short-term deposits (Note 16).

The currency exposure profile of bank borrowings as at the end of each reporting date are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Malaysian ringgit	**1,959,436**	2,801,201	**–**	–
United States dollar	**12,905,064**	19,313,268	**10,882,942**	17,080,916
	14,864,500	22,114,469	**10,882,942**	17,080,916

21. Lease liabilities

	Group		
		Motor	
	Premises	**vehicles**	**Total**
	US$	**US$**	**US$**
As at 1 March 2022	73,987	2,413,086	2,487,073
Additions	3,995	1,330,234	1,334,229
Interest expense	2,886	50,594	53,480
Reassessment and modification of leases	73,707	(1,028,190)	(954,483)
Lease payments			
– Principal portion	(67,973)	(1,982,887)	(2,050,860)
– Interest portion	(2,886)	(50,594)	(53,480)
Exchange translation differences	(4,810)	(131,031)	(135,841)
At 28 February 2023	**78,906**	**601,212**	**680,118**
As at 1 March 2021	82,222	153,489	235,711
Additions	83,970	3,910,228	3,994,198
Interest expense	3,609	60,673	64,282
Reassessment and modification of leases	(28,424)	(198,876)	(227,300)
Lease payments			
– Principal portion	(61,538)	(1,459,268)	(1,520,806)
– Interest portion	(3,609)	(60,673)	(64,282)
Exchange translation differences	(2,243)	7,513	5,270
At 28 February 2022	73,987	2,413,086	2,487,073

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

21. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group at the end of the reporting date are as follows:

	Group	
	2023	**2022**
	US$	**US$**
Contractual undiscounted cash flows		
– No later than one financial year	**636,886**	1,971,173
– Between one and two financial years	**52,627**	574,385
	689,513	2,545,558
Less: Future interest expense	**(9,395)**	(58,485)
Present value of lease liabilities	**680,118**	2,487,073
Presented in consolidated statement of financial position		
– Non-current	**52,133**	568,963
– Current	**627,985**	1,918,110
	680,118	2,487,073

The Group leases office space, hostels, office equipment and motor vehicles (2022: office space, hostels, storage space and motor vehicles) in Malaysia with only fixed payment over the lease terms.

The Group also leases certain hostels, office equipment, motor vehicles and machineries either at low value or on short-term basis (i.e. less than 12 months) in order to support the production deadlines. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group’s operation whereas the low-value lease exemption is made on lease-by-lease basis.

Total cash outflow for all the leases was US$2,123,594 (2022: US$1,586,600).

As at 28 February 2023, the weighted average incremental borrowing rate applied was 3.24% per annum (2022: 4.15% per annum).

The currency exposure profile of lease liabilities as at the end of the reporting date was Malaysian ringgit.

22. Trade payables

Trade payables are unsecured, interest free and repayable within the credit terms of 30 days (2022: 30 days). These payables are to be settled in cash.

The currency exposure profile of trade payables as at the end of each reporting date was Malaysian ringgit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

23. Other payables and accruals

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Non-current				
Contingent consideration* (Note 37.5)	**2,250,031**	393,471	**2,250,031**	393,471
Current				
Other payables	**2,967,499**	1,739,496	**14,402**	12,742
Accruals	**5,658,604**	3,014,106	**210,602**	148,716
Contingent consideration* (Note 37.5)	**133,227**	233,378	**133,227**	233,378
	8,759,330	4,986,980	**358,231**	394,836
Add:				
Trade payables (Note 22)	**1,250,832**	985,838	**–**	–
Bank borrowings (Note 20)	**14,864,500**	22,114,469	**10,882,942**	17,080,916
Lease liabilities (Note 21)	**680,118**	2,487,073	**–**	–
Amounts due to directors (Note 24)	**36,757**	–	**–**	–
Amounts due to subsidiaries (Note 25)	**–**	–	**19,301**	31,806
Less:				
Contingent consideration* (Note 37.5)	**(2,383,258)**	(626,849)	**(2,383,258)**	(626,849)
Total financial liabilities carried at amortised cost	**25,458,310**	30,340,982	**11,127,247**	17,274,180

* As part of the acquisition of the entire issued and paid-up share capital in FMeSB Group from Monument Mining Limited (the "Vendor"), the Company had also on the same date entered into a royalty agreement with the Vendor for the payment of royalties by the Company at the rate of 1.25% of gross revenue on all mineral products produced in forms ready for sale from the area within the boundaries of the entire tenements held by the subsidiaries namely CASB and SDSB, save for free digging oxide magnetite iron materials contained on the top soil at certain areas of the tenement held by CASB in accordance with the terms thereof. This portion of the consideration was determined to be contingent, as it is based on the performance of FMeSB Group.

At the end of each reporting period, the condition of FMeSB Group showed that it is highly probable that the performance indicator would be achieved due to continuous development of mining activities. Hence, the fair value of the contingent consideration determined at the end of each reporting period reflected this development.

The fair value is determined using the discounted cash flow method. This is a level 3 fair value measurement.

The currency exposure profiles of other payables and accruals as at the end of the reporting date are as follows:

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Malaysian ringgit	**8,350,067**	3,201,364	**–**	–
United States dollar	**2,523,886**	2,082,901	**2,516,125**	711,283
Singapore dollar	**135,408**	96,186	**92,137**	77,024
	11,009,361	5,380,451	**2,608,262**	788,307

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24. Amounts due to directors

The amounts due to directors was non-trade related, unsecured, interest-free and repayable on demand in cash.

The currency exposure profile of amounts due to directors as at the end of the reporting date was in Malaysian ringgit.

25. Amounts due to subsidiaries

The amounts due to subsidiaries were non-trade related, unsecured, interest-free and repayable on demand in cash.

The currency exposure profile of amounts due to subsidiaries as at the end of the reporting date was in Malaysian ringgit.

26. Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data.

	Group	
	2023	**2022**
	US$	**US$**
Primary geographical market		
China	**3,659,052**	3,625,341
Malaysia	**49,888,098**	39,740,877
	53,547,150	43,366,218
Timing of transfer of goods and services		
Point in time	**53,547,150**	43,366,218

Revenue represents revenue derived from sale of iron ore which is the Group's only segment.

27. Other income

	Group	
	2023	**2022**
	US$	**US$**
Gain on disposal of plant and equipment, net	**14,816**	34,318
Foreign exchange gain, net	**–**	69,525
Government grants	**–**	74,540
Sale of spare parts	**–**	103,771
Others	**65,852**	80,654
	80,668	362,808

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

28. Employee benefits expenses

	Group	
	2023	**2022**
	US$	**US$**
Wages, salaries, bonuses and other emoluments	**9,117,771**	7,374,483
Contributions to defined contribution plans	**643,953**	497,008
Social security contributions	**63,255**	49,994
Other benefits	**472,418**	471,897
	10,297,397	8,393,382

The employee benefits expenses are recognised in the following line items of financial statements:

	Group	
	2023	**2022**
	US$	**US$**
Profit or Loss		
– Cost of sales	**3,418,988**	3,162,759
– Selling and distribution expenses	**127,304**	137,084
– Other operating expenses	**3,491,659**	3,016,774
	7,037,951	6,316,617
Capitalised		
– Exploration and evaluation assets	**649,132**	339,963
– Plant and equipment	**393,807**	663,547
– Inventories	**666,077**	362,861
– Mining properties	**1,550,430**	710,394
	3,259,446	2,076,765
	10,297,397	8,393,382

Employee benefit expenses relating to key management personnel are disclosed in Note 35 to the financial statements.

29. Finance costs

	Group	
	2023	**2022**
	US$	**US$**
Interest expense on:		
– amortisation of borrowing cost	**62,428**	54,788
– bank borrowings	**896,606**	668,923
– lease liabilities	**53,480**	64,282
	1,012,514	787,993

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

30. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2023	**2022**
	US$	**US$**
Selling and distribution expenses		
Handling and transportation charges	**1,535,038**	812,798
Commission expense	**963,683**	717,813
Ocean freight	**1,332,700**	1,616,360
Royalty expense	**2,870,150**	1,505,015
Other operating expenses		
Travelling and accommodation	**261,248**	133,597
Tools and small equipment	**940,456**	1,063,485
Upkeep of site	**81,574**	318,386
Upkeep of machineries	**2,218,077**	1,659,864
Lease expenses on:		
– short-term leases	**19,254**	1,512
Administrative expenses		
Audit fee paid/payable to:		
– auditors of the Company	**81,334**	54,928
– other auditors	**26,893**	23,755
Non-audit fee paid/payable to:		
– auditors of the Company	**11,224**	10,660
– other auditors	**24,399**	9,030
Transaction cost for the acquisition (Note 4)	**–**	36,220
Loss on modification of lease contracts	**8,942**	5,949
Foreign exchange loss, net	**334,137**	–

31. Income tax expense

	Group	
	2023	**2022**
	US$	**US$**
Current income tax		
– current financial year	**5,138,582**	5,121,115
– (over)/under provision in respect of prior financial years	**(177,466)**	44,527
	4,961,116	5,165,642
Deferred tax		
– current financial year	**(135,258)**	(246,168)
– under/(over) provision in respect of prior financial years	**635,527**	(144,856)
	500,269	(391,024)
Income tax expense recognised in profit or loss	**5,461,385**	4,774,618

NOTES TO THE FINANCIAL STATEMENTS

31. Income tax expense (Continued)

Reconciliation of effective income tax rate

The income tax expense varied from the amount of income tax expenses determined by applying the applicable income tax rate of 17% (2022: 17%) to profit before income tax as a result of the following differences:

	Group	
	2023	**2022**
	US$	**US$**
Profit before income tax	**17,556,572**	18,655,332
Income tax calculated using applicable tax rate of 17% (2022: 17%)	**2,984,617**	3,171,406
Add/(Less):		
Effect of different tax rate of overseas operations	**1,527,920**	1,416,364
Effect of non-allowable items	**1,005,831**	462,277
Effect of income not subject to tax	**(139,773)**	(361,725)
Deferred tax assets not recognised*	**47,182**	186,625
Corporate tax rebate and incentive	**(9,975)**	–
Utilisation of previously unrecognised deferred tax assets	**(412,478)**	–
(Over)/Under provision of current income tax in prior financial years	**(177,466)**	44,527
Under/(Over) provision of deferred tax in prior financial years	**635,527**	(144,856)
	5,461,385	4,774,618

* Deferred tax assets not recognised were attributable to losses incurred by the FMeSB Group which was acquired by the Company in the previous financial year (Note 4).

At the end of the reporting period, the Group has unabsorbed tax losses arising from operations in the Group of approximately US$3,892,600 (2022: US$3,696,010), which are available for offset against future taxable profits. These unutilised tax losses with expiry dates ranging from YA2028 to YA2033 can be utilised for set-off against future taxable profits.

32. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2023	**2022**
Profit for the financial year attributable to owners of the Company (US$)	**12,116,676**	13,892,410
Weighted-average number of ordinary shares	**500,000,000**	500,000,000
Earnings per share (in cents)		
– Basic and diluted	**2.42**	2.78

The Group did not have any dilutive potential ordinary shares in the current or previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

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33. Dividends

	Company	
	2023	**2022**
	US$	**US$**
Ordinary dividends paid:		
In respect of financial year ended 28 February 2022		
– Final one-tier tax exempt dividend of 0.80 Singapore cents (equivalent to 0.58 US cents) per ordinary share	**2,894,400**	–
In respect of financial year ended 28 February 2021		
– Interim one-tier tax exempt dividend of 1.00 Singapore cents (equivalent to 0.75 US cents) per ordinary share	**–**	3,765,044
	2,894,400	3,765,044

For the financial year ended 28 February 2023, the Board recommended a one-tier tax exempt final cash dividend of S$4.2 million; equivalent to 0.80 Singapore cents per ordinary share (US$3.1 million; equivalent to 0.59 US cents per ordinary share), subject to the approval of shareholders at the forthcoming annual general meeting.

These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 28 February 2024.

34. Capital commitments

As at the end of reporting period, commitments in respect of capital expenditures are as follows:

	Group	
	2023	**2022**
	US$	**US$**
Capital expenditures contracted but not provided for		
– Plant and equipment	**258,515**	186,886

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

35. Significant related party transactions

For the purpose of these financial statements, 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.

During the financial year, in addition to the information disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
With subsidiaries				
Dividends received and receivable	**–**	–	**10,490,136**	12,476,200
Management fee	**–**	–	**27,672**	31,930
With related parties				
Lease payments	**48,798**	36,472	**–**	–
Lease commitment	**71,358**	46,661	**–**	–
Purchase of plant and equipment	**36,825**	–	**–**	–

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

The outstanding balances as at 28 February 2023 and 28 February 2022 with related parties are disclosed in Notes 14, 24 and 25 to the financial statements and are unsecured, interest free and repayable on demand and are to be settled in cash, unless otherwise stated.

Key management personnel remuneration

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly. The details of their remunerations are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Directors' fees	**470,195**	441,066	**429,155**	403,834
Salaries and other emoluments	**3,036,453**	2,532,951	**–**	–
Contributions to defined contribution plans	**192,823**	133,454	**–**	–
Social security contributions	**470**	455	**–**	–
	3,699,941	3,107,926	**429,155**	403,834
Comprised amounts paid to:				
– Directors of the Company	**3,593,879**	3,016,051	**429,155**	403,834
– Directors of subsidiaries	**106,062**	91,875	**–**	–
	3,699,941	3,107,926	**429,155**	403,834

NOTES TO THE FINANCIAL STATEMENTS

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36. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has one (1) reportable segment being iron ore. The Group's reportable segment is as follows:

(i) Iron ore – exploration, mining, production and sale of iron ore.

(ii) Others – Group's remaining minor trading and investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision maker and they contribute minor amounts of income to the Group.

Except as indicated above, no operating segment has been aggregated to form the above reportable segments.

	Iron ore US$	Other US$	Total US$
2023			
Revenue			
External customers, representing total revenue	**53,547,150**	**–**	**53,547,150**
Results:			
Interest income	**14,796**	**18,501**	**33,297**
Amortisation of mining properties	**(747,826)**	**–**	**(747,826)**
Depreciation of right-of-use assets	**(1,649,361)**	**–**	**(1,649,361)**
Depreciation of plant and equipment	**(2,935,502)**	**–**	**(2,935,502)**
Gain on disposal of plant and equipment	**14,816**	**–**	**14,816**
Interest expense	**(1,012,514)**	**–**	**(1,012,514)**
Segment profit/(loss)	**18,236,099**	**(679,527)**	**17,556,572**
Assets:			
Additions to non-current assets	**11,306,877**	**–**	**11,306,877**
Segment assets	**93,628,716**	**61,230**	**93,689,946**
Segment liabilities	**(31,250,163)**	**(225,081)**	**(31,475,244)**
2022			
Revenue			
External customers, representing total revenue	43,366,218	–	43,366,218
Results:			
Interest income	12,156	836	12,992
Amortisation of mining properties	(417,851)	–	(417,851)
Depreciation of right-of-use assets	(973,863)	–	(973,863)
Depreciation of plant and equipment	(2,643,961)	–	(2,643,961)
Gain on disposal of plant and equipment	34,318	–	34,318
Interest expense	(787,993)	–	(787,993)
Segment profit/(loss)	19,500,132	(844,800)	18,655,332
Assets:			
Additions to non-current assets	54,710,228	–	54,710,228
Segment assets	91,425,572	609,196	92,034,768
Segment liabilities	(34,855,171)	(394,870)	(35,250,041)

NOTES TO THE FINANCIAL STATEMENTS

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36. Segment information (Continued)

Geographical information

Non-current assets consist of exploration and evaluation assets, mining properties, plant and equipment, right-of-use assets, deferred tax assets and intangible assets, which are located in Malaysia.

Major customer

The Group's revenue from iron ore segment of US$53,547,150 (2022: US$43,366,218) is derived from various customers in People Republic of China and Malaysia (2022: People Republic of China, and Malaysia). The Group derives revenue from two (2) (2022: two (2)) major customers from the iron ore segment who contributed revenue amounting more than 10% of the Group's total revenue. The total revenue from these customers amounted to US$45,592,094 (2022: US$37,665,026).

37. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and price risks) and liquidity risks. The Group's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority level, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in foreign exchange rates.

There has been no change to the Group's exposure to these financial risks or the manner in which it managed and measures the risk.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk to each class of financial instrument is the carrying amount of these financial instruments presented in the statements of financial position except for the financial guarantees given by the Company to the banks for the borrowings of the subsidiaries as disclosed under *Financial guarantee contracts*.

Trade receivables

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except from one (1) (2022: one (1)) trade receivables which accounted for 100% (2022: 100%) of the total trade receivables as at 28 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.1 Credit risk (Continued)

Trade receivables (Continued)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. As at the end of the reporting period, there is no trade receivables past due but not impaired. The details of the Group's trade receivables are set out in Note 12 to the financial statements.

Other receivables, deposits and amounts due from subsidiaries

For amounts due from subsidiaries (Note 14), the Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amounts due from the subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amounts due from subsidiaries has been measured based on 12-month expected credit loss model and subject to insignificant credit losses.

For other receivables and deposits, the Board of Directors adopts a policy of dealing with high credit quality counterparties. The Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on these other receivables. At the end of each reporting period, there is no indication that credit risk on these receivables has increased significantly hence, these receivables are measured at 12-month expected credit loss model and subject to insignificant credit losses.

Cash and banks balances

Credit risk also arises from cash and bank balances with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "AA-" are accepted and hence, subjected to insignificant credit losses. As at the end of the reporting period, the Company did not expect any credit losses from non-performance by the counterparty.

Financial guarantee contracts

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks on subsidiaries' borrowings. The Company's maximum exposure is the maximum amount the Company could have to pay if the guarantee is called on. As at 28 February 2023, subsidiaries' borrowings of US$3,801,736 (2022: US$4,813,890) was guaranteed by the Company. The loans guaranteed by Company mature between 1 to 5 years (2022: 4 to 6 years). For the financial guarantee issued, the Company have assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future, hence, does not expect any material loss allowance under the 12-month expected credit loss model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.2 Market risk

Foreign currency risk

Foreign exchange risk arises when individual entities within the Group enters into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow individual entities within the Group to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where individual entities within the Group have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. The Group and the Company is primarily exposed to United States dollar ("USD"), Singapore dollar ("SGD") and Malaysia ringgit ("MYR").

As at the end of the reporting period, the Group's and the Company's net exposure to foreign currency risk is as follows:

	Group			Company	
	USD US$	**MYR US$**	**SGD US$**	**MYR US$**	**SGD US$**
2023					
Other receivables and deposits (excluding prepayments)	–	2,595,466	–	–	–
Cash and bank balances	–	2,051,190	33,112	32,224	4,477
Bank borrowings	–	(1,959,436)	–	–	–
Trade payables	–	(1,250,832)	–	–	–
Other payables and accruals	–	(8,350,067)	(135,408)	–	(92,137)
Amounts due to directors	–	(36,757)	–	–	–
Amounts due to subsidiaries	–	(19,301)	–	(19,301)	–
Amount due to holding company	(7,861,118)	–	–	–	–
Lease liabilities	–	(680,118)	–	–	–
Net financial (liabilities)/ assets	(7,861,118)	(7,649,855)	(102,296)	12,923	(87,660)
Less:					
Net financial liabilities denominated in the respective entities' functional currency	–	7,662,988	–	–	–
Net currency exposure	(7,861,118)	13,133	(102,296)	12,923	(87,660)
Sensitivity analysis					
Effect on profit after income tax and retained earnings	(652,473)	1,090	(8,491)	1,073	(7,276)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.2 Market risk (Continued)

Foreign currency risk (Continued)

	Group			Company	
	USD US$	MYR US$	SGD US$	MYR US$	SGD US$
2022					
Other receivables and deposits (excluding prepayments)	–	2,606,628	–	–	–
Cash and bank balances	–	1,035,334	199,107	19,492	162,878
Bank borrowings	–	(2,801,201)	–	–	–
Trade payables	–	(985,838)	–	–	–
Other payables and accruals	–	(3,201,364)	(96,186)	–	(77,024)
Amounts due to subsidiaries	–	(31,806)	–	(31,806)	–
Amount due to holding company	(7,500,000)	–	–	–	–
Lease liabilities	–	(2,487,073)	–	–	–
Net financial (liabilities)/ assets	(7,500,000)	(5,865,320)	102,921	(12,314)	85,854
Less:					
Net financial liabilities denominated in the respective entities' functional currency	–	5,853,008	–	–	–
Net currency exposure	(7,500,000)	(12,312)	102,921	(12,314)	85,854
Sensitivity analysis					
Effect on profit after income tax and retained earnings	(622,500)	(1,022)	8,542	(1,022)	7,126

A 10% strengthening of SGD and MYR against USD at the end of each reporting dates would increase/(decrease) profit after income tax and retained earnings by the amounts shown above. This analysis assumes that all other variables remain constant.

A 10% weakening of SGD and MYR against USD would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risks

The Group analyses the interest rate exposure on annually basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Based on the simulations performed, if the interest rates had been higher/lower by 1%, with all variables including tax rate being held constant, the profit after tax would have been lower/higher by US$108,233 (2022: US$161,950).

Price risks

The Group's exposure to price risk arises from its sales of iron ore.

Prices of iron ore may fluctuate significantly depending on the market situation and factors such as government policy, level of demand and supply in the market and the global economic environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.2 Market risk (Continued)

Price risk sensitivity analysis

At the end of the financial year, had the iron ore average selling prices been 10% (2022: 10%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by US$5,354,715 (2022: US$4,336,622).

37.3 Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk is managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group and the Company are expected to pay. The table includes both expected interest and principal cash flows.

	Within 1 financial year US$	Between 1 and 5 financial years US$	Total US$
Group			
At 28 February 2023			
Trade payables	**1,250,832**	**–**	**1,250,832**
Other payables and accruals	**8,759,330**	**2,250,031**	**11,009,361**
Bank borrowings	**7,958,646**	**8,117,733**	**16,076,379**
Lease liabilities	**636,886**	**52,627**	**689,513**
	18,605,694	**10,420,391**	**29,026,085**
At 28 February 2022			
Trade payables	985,838	–	985,838
Other payables and accruals	4,986,980	393,471	5,380,451
Bank borrowings	6,970,501	16,491,569	23,462,070
Lease liabilities	1,971,173	574,385	2,545,558
	14,914,492	17,459,425	32,373,917

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within 1 financial year US$	Between 1 and 5 financial years US$	Total US$
Company			
At 28 February 2023			
Other payables and accruals	**358,231**	**2,250,031**	**2,608,262**
Bank borrowings	**5,578,306**	**6,236,898**	**11,815,204**
	5,936,537	**8,486,929**	**14,423,466**
Financial guarantee	**3,801,736**	**–**	**3,801,736**
At 28 February 2022			
Other payables and accruals	394,836	393,471	788,307
Bank borrowings	5,405,349	12,686,909	18,092,258
	5,800,185	13,080,380	18,880,565
Financial guarantee	4,813,980	–	4,813,980

37.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issues new shares or sell assets to reduce debts.

The capital structure of the Group and the Company consist of equity attributable to owners of the Company, comprising issued share capital, other reserves and retained earnings as disclosed in Notes 17, 18 and 19 to the financial statements.

Management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group and the Company overall strategy remains unchanged during the financial years ended 28 February 2023 and 28 February 2022.

Management monitors capital based on a gearing ratio, which is calculated as net debts divided by total equity plus net debts. The Group and the Company's net debts include bank borrowings, lease liabilities, payables and accruals, amounts due to directors and amounts due to subsidiaries less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital, other reserves and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.4 Capital management policies and objectives (Continued)

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Trade payables	**1,250,832**	985,838	**–**	–
Other payables and accruals	**11,009,361**	5,380,451	**2,608,262**	788,307
Bank borrowings	**14,864,500**	22,114,469	**10,882,942**	17,080,916
Lease liabilities	**680,118**	2,487,073	**–**	–
Amounts due to directors	**36,757**	–	**–**	–
Amounts due to subsidiaries	**–**	–	**19,301**	31,806
Less: Cash and bank balances	**(5,669,596)**	(6,911,225)	**(2,063,001)**	(2,609,992)
Net debts	**22,171,972**	24,056,606	**11,447,504**	15,291,037
Equity attributable to the owners of the Company	**62,239,885**	56,805,231	**39,615,700**	35,715,014
Total capital	**84,411,857**	80,861,837	**51,063,204**	51,006,051
Gearing ratio (%)	**26.27%**	29.75%	**22.42%**	29.98%

The Group and the Company are in compliance with the externally imposed capital requirements relating to financial covenants on its borrowings for the financial years ended 28 February 2023 and 28 February 2022.

37.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

The following presented the financial asset and liability measured at fair value.

	Fair value measurement using			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Group				
28 February 2023				
Financial asset				
Financial asset at FVTPL	**–**	**1,466,377**	**–**	**1,466,377**
Financial liability				
Contingent consideration (Note 23)	**–**	**–**	**2,383,258**	**2,383,258**
28 February 2022				
Financial liability				
Contingent consideration (Note 23)	–	–	626,849	626,849
Company				
28 February 2023				
Financial liability				
Contingent consideration (Note 23)	**–**	**–**	**2,383,258**	**2,383,258**
28 February 2022				
Financial liability				
Contingent consideration (Note 23)	–	–	626,849	626,849

The following table presents the changes in level 3 instrument:

	2023 US$	**2022 US$**
Contingent consideration		
At beginning of the financial year	**626,849**	–
Acquisition of subsidiaries (Note 4)	**–**	626,849
Fair value changes on contingent consideration	**1,786,924**	–
Royalties paid during the year	**(30,515)**	–
Other payables	**2,383,258**	626,849

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

Valuation technique and input used in Level 3 fair value measurement:

Description	Fair value at 28 February 2023 US$	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration (Note 23)	2,383,258 (2022: 626,849)	Discount rate	13.40% (2022: 9.52%)	The higher the discount rate, the lower the fair value.
		The anticipated annual production volume of the FMeSB Group	120,000 to 233,000 wet metric tonne (2022: 93,000 to 406,932 wet metric tonne) of iron concentrate and 7,000 to 44,000 tonne of copper concentrate.	The higher the anticipated annual production volume, the higher the fair value.
		The anticipated average realised selling price	Based on historical S&P Global Commodity Platts Price and LME Copper Price with adjustment to account for prices applied to the local market.	The higher the anticipated average realised selling price, the higher the fair value.

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance. Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate. For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

37. Financial instruments, financial risks and capital management (Continued)

37.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

Fair value of financial instruments that are not measured at fair value

Financial instruments not measured at fair value includes cash and bank balances, trade receivables, other receivables and deposits, amounts due from subsidiaries, trade and other payables, amounts due to directors and amounts due to subsidiaries.

The carrying amounts of the current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair values of non-current financial liabilities that are not carried at fair value in relation to bank borrowings approximate their carrying amounts as disclosed in Note 20 to financial statements.

38. Events subsequent to the reporting date

38.1 Proposed Placement of up to 23,316,100 new ordinary shares

The Company had on 20 March 2023 entered into a Placement Agreement with Stirling Coleman Capital Limited ("Placement Agent"), pursuant to which the Placement Agent has agreed to procure placees to subscribe for up to 23,316,100 placement shares at the placement price of S$0.386 per placement share, on a best-efforts basis, by way of a placement, upon the terms and subject to the conditions set out in the Placement Agreement.

When the Placement Shares are fully subscribed, the Placement Shares will represent approximately 4.66% of the existing issued and paid-up shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) and approximately 4.46% of the enlarged issued and paid-up shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) immediately after the completion of the Proposed Placement. The Proposed Placement will increase the issued and paid-up shares in the capital of the Company from 500,000,000 ordinary shares in the capital of the Company to 523,316,100 ordinary shares. The Proposed Placement will amount to an aggregate consideration of up to approximately S$9.0 million.

On 29 March 2023, SGX-ST had granted its approval in-principle ("AIP") for the listing and quotation of the Placement Shares on the Catalist board of the SGX-ST.

The Company had on 10 April 2023 completed the Proposed Placement and an aggregate of 23,316,100 Placement Shares have been allotted and issued to the Placees by the Company on the same day, in accordance with the terms of the Placement Agreement.

Following completion of the Placement Agreement, the total number of issued shares of the Company had increased from 500,000,000 shares to 523,316,100 shares. The Placement Shares rank in all respects pari passu with, and carry all rights similar to, the existing issued shares, save for any dividend, right, allotment or other distributions, the record date for which is on or before 10 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

38. Events subsequent to the reporting date (Continued)

38.2 Acquisition of Saga Mineral Sdn. Bhd. ("SMSB") and Kencana Primary Sdn. Bhd. ("KPSB")

As disclosed in Note 4 to the financial statements, the Group had entered into a sales and purchase agreement to acquire SMSB and KPSB.

Subsequent to the financial year ended, the second tranche of the purchase consideration amounting to RM2,000,000 (approximately US$446,000) each for SMSB and KPSB was paid on 1 March 2023 and 10 April 2023, respectively, as all related conditions were met. SMSB and KPSB had commenced exploration activities in May 2023.

38.3 Proposed diversification

Subsequent to the financial year end, the Board proposes to diversify the Group's existing business to include the mining and trading of new minerals include, among others, copper, nickel, cobalt, etc. (collectively, the "New Minerals"), which are subjected to shareholders' approval.

39. Authorisation of financial statements

The statement of financial position of the Company as at 28 February 2023 and the consolidated financial statements of the Group for the financial year ended 28 February 2023 were authorised for issue in accordance with a Directors' resolution dated 9 June 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MAY 2023

ANALYSIS OF SHAREHOLDINGS

ISSUED AND FULLY PAID-UP CAPITAL	:	S$40,429,342.60
NO. OF SHARES ISSUED	:	523,316,100
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	0	0.00	0	0.00
100 – 1,000	28	4.29	16,330	0.00
1,001 – 10,000	280	42.95	1,954,900	0.37
10,001 – 1,000,000	327	50.15	19,436,700	3.72
1,000,001 & ABOVE	17	2.61	501,908,170	95.91
TOTAL	652	100.00	523,316,100	100.00

TOP TWENTY SHAREHOLDERS AS AT 15 MAY 2023

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	277,602,670	53.05
SDB MINING SDN. BHD.	154,937,500	29.61
PHILLIP SECURITIES PTE LTD	12,952,800	2.47
CITIBANK NOMINEES SINGAPORE PTE LTD	12,922,000	2.47
LOH CHEN YOOK	8,536,300	1.63
SMITH ST INVESTMENT PTE. LTD.	7,328,125	1.40
WESTERN CAPITAL SDN. BHD.	5,234,375	1.00
DBS NOMINEES PTE LTD	5,025,400	0.96
RAFFLES NOMINEES (PTE) LIMITED	4,561,200	0.87
ANG KAY TIONG	2,040,100	0.39
LOONG CHING HONG	2,026,000	0.39
IFAST FINANCIAL PTE LTD	1,992,300	0.38
LEOW FAN SIEW	1,838,000	0.35
MAYBANK SECURITIES PTE. LTD.	1,557,200	0.30
YEO SOCK CHUN	1,296,000	0.25
OCBC SECURITIES PRIVATE LTD	1,042,100	0.20
BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,016,100	0.19
TIGER BROKERS (SINGAPORE) PTE. LTD.	748,200	0.14
HSBC (SINGAPORE) NOMINEES PTE LTD	676,600	0.13
NG KHOON SENG	500,000	0.10
TOTAL	503,832,970	96.28

STATISTICS OF SHAREHOLDINGS

AS AT 15 MAY 2023

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	No. of shares	%	No. of shares	%
Y F Chee Holdings Pte. Ltd.[1]	216,655,720	41.40	–	–
Greger International Sdn. Bhd.[1]	36,593,750	6.99	–	–
Dato' Sri Ivan Chee Yew Fei[2]	530	0.00	253,249,470	48.39
Ng Mun Fey[3]	–	–	36,593,750	6.99
SDB Mining Sdn. Bhd.	154,937,500	29.61		
Selangor Dredging Berhad[4]	–	–	154,937,500	29.61
Teh Wan Sang & Sons Sdn. Bhd.[4][5]	4,200,000	0.80	154,937,500	29.61
Teh Lip Bin[4][5][6]	–	–	159,137,500	30.41
Teh Lip Kim[4][5][7]	1,679,300	0.32	166,465,625	31.81

Notes:

1. The entire shares are held in the name of UOB Kay Hian Pte Ltd.
2. Dato' Sri Ivan Chee Yew Fei is deemed interested in the shares of the Company held through the following companies:–
   (a) Y F Chee Holdings Pte. Ltd. – 216,655,720 (41.40%)
   (b) Greger International Sdn. Bhd. – 36,593,750 (6.99%)

   Dato' Sri Ivan Chee Yew Fei holds 100% and 70% (directly and indirectly) of the shares of Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. respectively.
3. Ng Mun Fey is deemed interested in the shares of the Company held through Greger International Sdn. Bhd. as he holds 30% of the issued share capital of Greger International Sdn. Bhd.
4. Selangor Dredging Berhad is deemed interested in the shares of the Company held through SDB Mining Sdn. Bhd. as SDB Mining Sdn. Bhd. is 100% owned by Selangor Dredging Berhad.
5. Teh Wan Sang & Sons Sdn. Bhd. is deemed interested in the shares of the Company held through SDB Mining Sdn. Bhd. Teh Wan Sang & Sons Sdn. Bhd. holds 23.10% of the issued share capital of Selangor Dredging Berhad.
6. Teh Lip Bin is deemed interested in the shares of the Company held through SDB Mining Sdn. Bhd. Teh Lip Bin holds directly and indirectly approximately 39.84% of the issued share capital of Selangor Dredging Berhad.

   Teh Lip Bin is related to Teh Wan Sang & Sons Sdn. Bhd., a company owned by members of the Teh family, which include Teh Lip Bin.
7. Teh Lip Kim is deemed interested in the shares of the Company held through the following companies:–
   (a) Smith St Investment Pte. Ltd. – 7,328,125 (1.40%)
   (b) SDB Mining Sdn. Bhd. – 154,937,500 (29.61%)
   (c) Teh Wan Sang & Sons Sdn. Bhd. – 4,200,000 (0.80%)

   Teh Lip Kim holds 100% of the share of Smith St Investment Pte. Ltd. and approximately 60.35% (directly and indirectly) of the shares of Selangor Dredging Berhad.

   Teh Lip Kim is related to Teh Wan Sang & Sons Sdn. Bhd., a company owned by members of the Teh family, which include Teh Lip Kim.

   Teh Lip Kim and Teh Lip Bin are siblings.

PUBLIC FLOAT

Based on the information available to the Company as at 15 May 2023, approximately 18.09% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at Esplanade Room 1, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Wednesday, 28 June 2023 at 2.00 p.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 28 February 2023 together with the Directors' Statement and the Auditor's Report thereon. **Resolution 1**

2. To approve a tax-exempt (one-tier) final dividend of 0.80 Singapore cents per share for the financial year ended 28 February 2023. **Resolution 2**

3. To re-elect Mr Ng Mun Fey, a Director retiring pursuant to Regulation 98 of the Company's Constitution. *[See Explanatory Note 1]* **Resolution 3**

4. To re-elect Ms Willa Chee Keng Fong, a Director retiring pursuant to Regulation 98 of the Company's Constitution. *[See Explanatory Note 1]* **Resolution 4**

5. To re-elect Mr Goh Kah Im, a Director retiring pursuant to Regulation 98 of the Company's Constitution. *[See Explanatory Note 1]* **Resolution 5**

6. To approve the payment of Directors' fees of S$592,000.00 for the financial year ending 29 February 2024, payable quarterly in arrears. (FY2023: S$592,000.00) **Resolution 6**

7. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 29 February 2024 and to authorise the Directors to fix their remuneration. **Resolution 7**

8. To transact any other ordinary business which may properly be transacted at an annual general meeting.

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

As Special Business

9. **AUTHORITY TO ALLOT AND ISSUE SHARES**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company (the "**Directors**") to (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued

NOTICE OF ANNUAL GENERAL MEETING

in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance to subparagraphs (2)(a) and (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding of subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, the Constitution for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 2] **Resolution 8**

10. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE FORTRESS EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors be and are hereby authorised to offer and grant options ("**Options**") under the Fortress Employee Share Option Scheme (the "**Scheme**") and to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 3] **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

11. RENEWAL OF SHARE BUY-BACK MANDATE

That:

(1) for the purposes of the Companies Act and the Catalist Rules of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Act and the Catalist Rules of the SGX-ST as may for the time being be applicable (the "**Share Buy-Back Mandate**");

(2) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next AGM of the Company is held or required by law or the Constitution of the Company to be held;

(b) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buy-Back Mandate is varied or revoked by the shareholders of the Company in a general meeting;

(3) in this Resolution:

"**Prescribed Limit**" means that number of Shares representing ten per cent. (10%) of the issued ordinary share capital as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

"**Relevant Period**" means the period commencing on and from the Approval Date, up to the earliest of:

(i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: one hundred and five per cent. (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made; and

"**Day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note 4] **Resolution 10**

By Order of the Board

Dato' Sri Ivan Chee Yew Fei
Executive Director and Chief Executive Officer

12 June 2023
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Ng Mun Fey, the Executive Director and Chief Operating Officer, is a substantial shareholder of the Company. Mr Ng Mun Fey is deemed interested in the shares of the Company held through Greger International Sdn. Bhd. as he holds 30% of the issued share capital of Greger International Sdn. Bhd. Mr Ng Mun Fey does not have any relationships including immediate family relationships between himself and the Directors, the Company and other substantial shareholders. Mr Ng Mun Fey will, upon re-election, remain as the Executive Director and Chief Operating Officer of the Company.

   Ms Willa Chee Keng Fong, a Non-Executive Director and Non-Independent Director of the Company, is the daughter of Dato' Sri Ivan Chee Yew Fei, the Executive Director, Chief Executive Officer and Substantial Shareholder of the Company. Saved as disclosed, Ms Willa Chee Keng Fong does not have any relationships including immediate family relationships between herself and the other Directors, the Company and other substantial shareholders. Ms Willa Chee Keng Fong will, upon re-election, remain as the Non-Executive Director and Non-Independent Director of the Company.

   Mr Goh Kah Im, an Independent Director and Non-Executive Chairman of the Company will, upon re-election as a Director, continue to serve as the Chairman of the Audit Committee. Mr Goh Kah Im is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Goh Kah Im does not have any relationships including immediate family relationships between himself and the Directors, the Company and the substantial shareholders, which may affect his independence.

   Further information on all the abovementioned directors can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Key Information" of the Company's Annual Report 2023 (the "**AR**").

2. Ordinary Resolution 8, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the capital of the Company and to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings).

   For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 8 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 8 is passed and any subsequent consolidation or subdivision of shares.

3. Ordinary Resolution 9, if passed, will empower the Directors of the Company to offer and grant options, and allot and issue new Shares pursuant to the Scheme provided that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme and other share-based incentive scheme(s) or plan(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of the relevant grant. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

4. Ordinary Resolution 10, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to purchase or acquire (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. Details of the proposed renewal of the Share Buy-Back Mandate are set out in the Appendix accompanying this Notice of AGM.

Notes:

1. The AGM is being convened and will be held, in a wholly physical format, at Esplanade Room 1, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Wednesday, 28 June 2023 at 2.00 p.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for the members to participate virtually. Printed copies of this Notice of AGM, Proxy Form, Appendix and AR will not be sent to members of the Company. Instead, these documents will be made available to members via publication on the Company's website at the URL https://www.fortress.sg and made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. The members of the Company may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

4. The proxy need not be a member of the Company.

5. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

6. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM (by 2.00 p.m. on 20 June 2023). CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

8. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The instrument appointing the proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.

9. A member who is a Relevant Intermediary entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

10. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the Chairman as proxy will vote or abstain from voting at his discretion.

11. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

    (a) if sent personally or by post, be lodged at the Company's registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

    (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

    in either case, by 2:00 p.m. on 25 June 2023, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

12. Shareholders may submit questions related to the resolutions to be tabled for approval for the AGM in advance of the AGM within 7 calendar days from the date of this Notice of AGM, i.e. no later than 2.00 p.m. on 20 June 2023:

    (a) email to corporate@fortress.sg; or

    (b) post to the Company's registered office at 77 Robinson Road #06-03 Robinson 77, Singapore 068896.

    The Company will address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet by 2 p.m. on 23 June 2023. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after 2.00 p.m. on 20 June 2023 which have not already been addressed prior to the AGM, at the AGM itself.

13. For questions addressed during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the Company's corporate website and on SGXNet within one month after the AGM.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

APPENDIX

APPENDIX DATED 12 JUNE 2023

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

This Appendix is issued by Fortress Minerals Limited (the "**Company**"). Its purpose is to provide the Shareholders (as defined herein) with the relevant information relating to, and seek the Shareholders' approval for, the proposed renewal of the Share Buy-Back Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on Wednesday, 28 June 2023 at 2.00 p.m. at Esplanade Room 1, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 (the "**AGM**"). The AGM will be convened in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for the members to participate virtually. Please refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM. This Appendix, the Notice of AGM and the Proxy Form will be sent to the members solely by electronic means via publication on the Company's website at the URL https://www.fortress.sg/ and will also be available on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**" or the "**Exchange**") at the URL https://www.sgx.com/securities/company-announcements.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix with the Notice of AGM and the Proxy Form to the purchaser or transferee, as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix with the Notice of AGM and Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

This Appendix has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The Sponsor has also not drawn on any specific technical expertise in its review of this Appendix.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

fortress

FORTRESS MINERALS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201732608K)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

APPENDIX

CONTENTS

APPENDIX

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

General

"**ACRA**" or "**Registrar of Companies**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	The annual general meeting of the Company to be held on 28 June 2023 at 2.00 p.m.
"**Approval Date**"	:	The date of the AGM at which the Proposed Renewal of the Share Buy-Back Mandate is approved
"**Associate**"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
"**Average Closing Market Price**"	:	The average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded before the day on which the purchases or acquisitions are made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases or acquisitions are made
"**Board**" or "**Board of Directors**"	:	The board of directors of the Company
"**Catalist Rules**"	:	Any or all of the rules in the Listing Manual Section B: Rules of Catalist, as the case may be, as amended, supplemented or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Appendix**"	:	This appendix dated 12 June 2023
"**Company**"	:	Fortress Minerals Limited
"**Companies Act**"	:	The Companies Act 1967 of Singapore (2020 Revised Edition), as may be amended, supplemented or modified from time to time

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DEFINITIONS

"**Constitution**"	:	The constitutive documents of the Company for the time being in force as originally framed, or as amended or modified from time to time
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph (i) is not a controlling shareholder; or (b) in fact exercises control over the Company
"**Council**"	:	The Securities Industry Council
"**Depositor**"	:	Has the meaning ascribed to it in Section 81SF of the SFA
"**Depository Agent**"	:	Has the meaning ascribed to it in Section 81SF of the SFA
"**Depository Register**"	:	Has the meaning ascribed to it in Section 81SF of the SFA
"**Director**"	:	A director of the Company as at the date of this Appendix
"**EGM**"	:	Extraordinary general meeting
"**EPS**"	:	Earnings per Share
"**Form 2**"	:	Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the Council by a director and persons acting in concert with him pursuant to the conditions for exemption from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share buy-back mandate
"**FY**" or "**Financial Year**"	:	Financial year ending or ended 28 February or 29 February, as the case may be
"**FY2023**"	:	Financial Year ended 28 February 2023
"**Group**"	:	The Company and its Subsidiaries
"**Latest Practicable Date**"	:	29 May 2023, being the latest practicable date prior to the release of this Appendix
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Maximum Price**"	:	(a) In the case of an On-Market Share Buy-Back, one hundred and five per cent. (105%) of the Average Closing Market Price of the Shares; and (b) in the case of an Off-Market Share Buy-Back, one hundred and twenty per cent. (120%) of the Average Closing Market Price of the Shares
"**NAV**"	:	Net asset value

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DEFINITIONS

"**Notice of AGM**"	:	Notice of the AGM dated 12 June 2023
"**NTA**"	:	Net tangible assets
"**Off-Market Share Buy-Back**"	:	Off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules
"**On-Market Share Buy-Back**"	:	On-market purchases transacted on the Catalist through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buy-Back
"**Proposed Renewal of the Share Buy-Back Mandate**"	:	The proposed renewal of the Share Buy-Back Mandate
"**Proxy Form**"	:	The proxy form in respect of the AGM
"**Register of Directors' Shareholdings**"	:	A register of the shareholdings of the directors of the Company
"**Register of Members**"	:	A register of the members of the Company
"**Register of Substantial Shareholders**"	:	A register of the Substantial Shareholders
"**Relevant Period**"	:	The period commencing on and from the Approval Date, up to the earliest of: (i) the conclusion of the next AGM or the date by which such AGM is required by law to be held; (ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting
"**Required Price**"	:	In relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 which is the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Company's Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by the Council under Rule 14.3 of the Take-over Code

APPENDIX

DEFINITIONS

"**Securities Accounts**"	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent
"**SFA**"	:	The Securities and Futures Act 2001 of Singapore (2020 Revised Edition), as may be amended, supplemented or modified from time to time
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
"**SGX-ST**" or the "**Exchange**"	:	The Singapore Exchange Securities Trading Limited
"**Share Buy-Back**"	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate, which can be by way of an Off-Market Share Buy-Back or an On-Market Share Buy-Back
"**Share Buy-Back Guidance Note**"	:	The share buy-back guidance note found in Appendix 2 of the Take-over Code, as may be amended, supplemented or modified from time to time
"**Share Buy-Back Mandate**"	:	The general mandate given by Shareholders to authorise the Directors to purchase or acquire Shares in accordance with the terms set out in this Appendix and the rules and regulations set forth in the Companies Act and the Catalist Rules
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" in relation to Shares held by CDP shall, where the context admits, means the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Subsidiary**"	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"**Subsidiary Holdings**"	:	Shares held by a Subsidiary in accordance with the Companies Act
"**Substantial Shareholder**"	:	A person who has an interest or interests (directly or indirectly) in voting Shares representing not less than five per cent. (5%) of all the voting Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as may be amended, supplemented or modified from time to time
"**Treasury Shares**"	:	Issued Shares which were (or are treated as having been) purchased or acquired by the Company in circumstances which Section 76H of the Companies Act applies and have, since they were so purchased or acquired, been continuously held by the Company since such Shares were so purchased or acquired

Currencies, units and others

"**US$**" and "**US$ cents**"	:	United States of America dollars and cents respectively, the lawful currency of the United States of America
"**%**" or "**per cent.**"	:	Percentage or per centum

APPENDIX

Any reference in this Appendix to any enactment is a reference to that enactment for the time being in force, as may be amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, the SFA, the Take-over Code or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, Catalist Rules, SFA, Take-over Code or its statutory modification, as the case may be, unless the context otherwise requires.

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day or date in this Appendix is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Shook Lin & Bok LLP is the Singapore legal adviser to the Company for the proposed renewal of the Share Buy-Back Mandate as described in this Appendix.

Exchange Rates

Unless otherwise stated, the exchange rate of S$1.00: US$1.3529 as at the Latest Practicable Date, obtained from the website of the Monetary Authority of Singapore, accessible at the URL https://www.mas.gov.sg/statistics/exchange-rates. This exchange rate should not be construed as a representation that the US$ amounts could have been, or could be, converted into S$ at the rate stated, or at all, and vice versa.

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APPENDIX

FORTRESS MINERALS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201732608K)

Directors:

Chew Wai Chuen (Independent Non-Executive Chairman)
Dato' Sri Ivan Chee (Executive Director and Chief Executive Officer)
Ng Mun Fey (Executive Director and Chief Operating Officer)
Willa Chee Keng Fong (Non-Executive and Non-Independent Director)
Teh Lip Kim (Non-Executive and Non-Independent Director)
Loong Ching Hong (Non-Executive and Non-Independent Director)
Anita Chew Cheng Im (Independent Non-Executive Director)
Goh Kah Im (Independent Non-Executive Director)

Registered Office:

77 Robinson Road,
#06-03, Robinson 77,
Singapore 068896

12 June 2023

To: The Shareholders of Fortress Minerals Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The Directors are proposing to seek Shareholders' approval at the forthcoming AGM for the proposed renewal of the Share Buy-Back Mandate. The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-Back Mandate to be tabled at the forthcoming AGM.

If a Shareholder are in any doubt as to the course of action to take, he/she should consult his/her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the Constitution. Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Constitution and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 11(B) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares.

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It is a requirement under the Companies Act and the Catalist Rules for a company that wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders. At the EGM of the Company held on 22 June 2022, the Shareholders had approved the adoption of the Share Buy-Back Mandate which enables the Company to purchase or otherwise acquire the Shares. The validity period of the said Share Buy-Back Mandate will expire at the upcoming AGM. Accordingly, the purpose of this Appendix is to, *inter alia*, provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate.

If approved by Shareholders at the upcoming AGM, the Share Buy-back Mandate will take effect from the date of the AGM and continue to be in force until the date of the next AGM or such date as the next AGM is required by law to be held, whichever is earlier, unless prior thereto, Share Buy-Backs have been carried out to the full extent mandated or the Share Buy-Back Mandate is revoked or varied by Shareholders in a general meeting.

2.2 Rationale

The Share Buy-Back Mandate will give the Directors the flexibility to undertake Share Buy-Backs at any time when circumstances permit, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return of equity of the Group. A Share Buy-Back made at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements in an expedient and cost-efficient manner. Share Buy-Backs also allow the Directors to exercise control over the Company's share structure and, depending on market conditions, may lead to an enhancement of the EPS and/or NTA per Share. The Directors further believe that Share Buy-Backs may also help to mitigate short-term market volatility and offset the effects of share price speculation.

If and when circumstances permit, the Directors will decide whether to effect the Share Buy-Backs via On-Market Share Buy-Backs or Off-Market Share Buy-Backs, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach. Share Buy-Backs will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or Shareholders. No Share Buy-Backs will be made in circumstances which the Directors believe will have or may have a material adverse effect on the public float, the liquidity and the orderly trading of the Shares, or the financial position, working capital requirements and gearing level of the Company and the Group.

Pursuant to the Companies Act, Shares purchased or otherwise acquired pursuant to the Share Buy-Back Mandate may be held or dealt with as treasury shares.

2.3 Authority and limits of the Share Buy-Back Mandate

The authority and limitations placed on the Share Buy-Backs by the Company under the Share Buy-Back Mandate, if approved at the upcoming AGM, are substantially the same as previously approved by Shareholders at the EGM of the Company held on 22 June 2022, except in relation to the maximum number of Shares which may be purchased or acquired pursuant to the Share Buy-Back Mandate which is proposed to be increased from four point six seven per cent. (4.67%) to ten per cent. (10%) of the issued Shares of the Company as at the date of the AGM (excluding Treasury Shares and Subsidiary Holdings), in line with the ten per cent. (10%) limit prescribed in Rule 867 of the Catalist Rules. These are summarised below:

(1) Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

Pursuant to Rule 867 of the Catalist Rules, the maximum number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the Relevant Period will be limited to that number of Shares representing not more than ten per cent. (10%) of the total issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, and as ascertained as at the date of the upcoming AGM at which the Share Buy-Back Mandate is approved by the Shareholders (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered).

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of US$40,429,342.60 comprising 523,316,100 Shares, after disregarding nil Shares held as Treasury Shares and nil Subsidiary Holdings held, and assuming that no further Shares are issued on or prior to the AGM, not more than 52,331,610 Shares (representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the AGM, excluding Treasury Shares and Subsidiary Holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

However, as stated in Section 2.2 above (as well as Section 2.9 below), purchases or acquisitions pursuant to the Share Buy-Back Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Buy-Back Mandate may enable purchases or acquisitions of up to ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) to be carried out, in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Catalist Rules) that there is at all times a public float of not less than ten per cent. (10%) in the issued Shares.** Accordingly, assuming solely for illustrative purposes that 94,660,800 Shares (or approximately eighteen point zero nine per cent. (18.09%) of the issued Shares (excluding Treasury Shares and Subsidiary Holdings)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than ten per cent. (10%) in the issued Shares, the Company would not purchase or acquire more than 47,032,400 Shares (or approximately eight point ninety nine per cent. (8.99%) of the issued Shares as at that date) pursuant to the Share Buy-Back Mandate, which would result in the number of Shares held by the public to be reduced to 47,628,400 Shares, representing approximately (but not less than) ten per cent. (10%) of the remaining issued Shares (being 476,283,700 Shares) of the Company. Please refer Section 2.9 below for more information on the public float.

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(2) Duration of authority

Under the Share Buy-Back Mandate, Share Buy-Backs may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

(i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed at each AGM or other general meeting of the Company.

(3) Manner of Share Buy-Backs

Share Buy-Backs may be made by way of, *inter alia*:

(i) on-market purchases transacted on the Catalist through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act, as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules (the "**Off-Market Share Buy-Back**").

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules and the Companies Act, as they consider fit, in the interests of the Company in connection with, or in relation to, any equal access scheme(s). Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

(a) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded, where applicable:

(I) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

(II) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(III) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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In addition, the Catalist Rules provides that, in making an Off-Market Share Buy-Back, the Company must issue an offer document to all Shareholders that must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buy-Back;

(d) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the Catalist;

(f) details of any Share Buy-Back made by the Company in the previous twelve (12) months (whether by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs (where relevant) and the total consideration paid for such Share Buy-Backs; and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as Treasury Shares.

(4) Maximum purchase price to be paid for the Shares

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to a Share Buy-Back, as determined by the Directors, must not exceed:

(i) in the case of an On-Market Share Buy-Back, one hundred and five per cent. (105%) of the Average Closing Market Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Share Buy-Back, one hundred and twenty per cent. (120%) of the Average Closing Market Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the Share Buy-Back.

For the above purposes, the "**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded before the day on which the purchases or acquisitions are made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases or acquisitions are made.

The term "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Share Buy-Back, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Share Buy-Back calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back.

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2.4 Status of purchased Shares under the Share Buy-Back Mandate

A Share purchased or acquired by the Company under the Share Buy-Back Mandate is deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share.

2.5 Cancellation of purchased Shares

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share shall expire on cancellation. The total number of Shares will be diminished by such number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

Any Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

2.6 Purchased Shares held as Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under (i) the Catalist Rules and (ii) the Companies Act, are summarised below.

(1) Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

In the event that the Company holds more than ten per cent. (10%) of the total number of its issued Shares as Treasury Shares, the Company shall cancel or dispose of the excess Treasury Shares in the manner set out under Section 2.6.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

(2) Voting and other rights

The Company cannot exercise any right in respect of Treasury Shares. In particular and for the purposes of the Companies Act, the Treasury Shares shall be treated as having no voting rights and as such, the Company cannot exercise any right to attend or vote at meetings. Any purported exercise of such a right is void.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller or larger amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

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(3) Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the Treasury Shares (or any of them) for cash;

(ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for its employees, Directors or other persons;

(iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares (or any of them); or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance of Singapore.

The Shares purchased or acquired under the Share Buy-back Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

(4) Reporting obligation under the Catalist Rules

Pursuant to the Catalist Rules, the Company shall announce all purchases or acquisitions of its Shares via SGXNET not later than 9:00 a.m.:

(i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

Pursuant to Catalist Rule 704(31), the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

(a) date of the sale, transfer, cancellation and/or use;

(b) purpose of such sale, transfer, cancellation and/or use;

(c) number of Treasury Shares sold, transferred, cancelled and/or used;

(d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;

(e) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) value of the Treasury Shares sold, transferred, cancelled and/or used.

APPENDIX

2.7 Source of funds for the Share Buy-Backs

In undertaking Share Buy-Backs, the Company may only apply funds legally available for such purchases or acquisitions in accordance with the Constitution of the Company, the Catalist Rules and the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than cash or, in the case of an On-Market Share Buy-Back, for settlement other than in accordance with the trading rules of the SGX-ST.

Pursuant to the Constitution of the Company and the Companies Act, any payment made by the Company in consideration for Share Buy-Backs may only be made out of the Company's capital or profits so long as the Company is solvent. For this purpose, pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) the company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

Where the consideration paid by the Company for the Share Buy-Backs is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Buy-Backs is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Company intends to use its internal resources and/or external borrowings or a combination of both to finance its Share Buy-Backs. In considering the use of external borrowings to finance the Share Buy-Backs, the Directors will take into account factors such as the cost of such financing and the prevailing gearing level of the Group.

2.8 Financial effects of the Share Buy-Back Mandate

It is not possible for the Company to realistically calculate or quantify the impact of Share Buy-Backs that may be made pursuant to the Proposed Renewal of the Share Buy-Back Mandate as the financial effects on the Company and the Group arising from the Share Buy-Backs will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the Share Buy-Backs are made by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs, the price at which the Share Buy-Backs are made, the amount (if any) borrowed by the Company to fund the Share Buy-Backs and whether the Shares are cancelled or held as Treasury Shares.

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Buy-Backs, based on the audited financial statements of the Company and the Group for FY2023, are prepared based on the assumptions set out below:

(a) as at the Latest Practicable Date, the total number of issued Shares of the Company is 523,316,100 Shares (after disregarding nil Shares held as Treasury Shares and nil Subsidiary Holdings). Assuming that there will be no changes in the number of Shares on or prior to the Approval Date, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares pursuant to the Share Buy-Back Mandate, will result in the purchase or acquisition of 52,331,610 Shares;

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(b) in the case of On-Market Share Buy-Backs, assuming the Company purchases or acquires 52,331,610 Shares at the Maximum Price of US$0.268 per Share (being five per cent. (5%) above the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for effecting such On-Market Share Buy-Backs (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), would amount to approximately US$14,024,871;

(c) in the case of Off-Market Share Buy-Backs, assuming the Company purchases or acquires 52,331,610 Shares at the Maximum Price of US$0.306 per Share (being twenty per cent. (20%) above the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for effecting such Off-Market Share Buy-Backs (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), would amount to approximately US$16,013,473;

(d) the Share Buy-Backs were financed by the Group's internal resources of funds available as at 28 February 2023 amounting to US$3,667,825 and the remaining by external borrowings of US$10,357,046 for On-Market Share Buy-Backs and US$12,345,648 for Off-Market Share Buy-Backs;

(e) the internal resources utilized for the purchase or acquisition of the Shares would be disbursed from the Company's subsidiaries to the Company;

(f) the Share Buy-Backs pursuant to the Share Buy-Back Mandate had taken place on 1 March 2022 for the purpose of computing the financial effects on the EPS of the Group and the Company;

(g) the Share Buy-Backs pursuant to the Share Buy-Back Mandate had taken place on 28 February 2023 for the purpose of computing the financial effects on the Shareholders' equity, NAV per Share and gearing of the Group and the Company;

(h) the financial effects on the Company and the Group arising from the Share Buy-Backs are computed assuming that the Company's recent placement exercise of 23,316,100 Shares, which was completed on 10 April 2023, had been completed on 1 March 2022. Further details on the placement can be found in the announcements made by the Company on 20 March 2023, 29 March 2023 and 10 April 2023 on SGXNET;

(i) the Company will be able to fulfil the "public float" requirement under Rule 723 of the Catalist Rules following the purchase or acquisition of the maximum number of Shares pursuant to the Share Buy-Back Mandate;

(j) transaction costs incurred during the Share Buy-Backs pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purposes of computing the financial effects;

(k) where Shares purchased or acquired are held as Treasury Shares, the maximum number of Shares permitted under the Companies Act to be held in treasury are held in treasury; and

(l) based on the exchange rate of S$1.00: US$1.3529 as at the Latest Practicable Date, obtained from the website of the Monetary Authority of Singapore, accessible at the URL https://www.mas.gov.sg/statistics/exchange-rates.

The illustrative financial effects of the acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases or acquisitions made out of profits are similar to that of purchases or acquisitions made out of capital. Therefore, for illustrative purposes only, based on the assumptions set out in subparagraphs (a) to (l) above, the financial effects of the purchases or acquisition of Shares by way of purchases or acquisitions made out of capital and profits are set out below in Scenario A and B.

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Scenario A

Share Buy-Backs with the Shares cancelled thereafter

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
		On-Market Share Buy-Back	Off-Market Share Buy-Back		On-Market Share Buy-Back	Off-Market Share Buy-Back
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 28 February 2023						
Share capital	29,011,129	14,986,258	12,997,656	29,011,129	14,986,258	12,997,656
Shareholders' fund ("**NAV**")	68,762,558	54,737,687	52,749,085	46,163,556	32,138,685	30,150,083
Current assets	20,454,223	16,786,398	16,786,398	9,924,119	9,924,119	9,924,119
Current liabilities	(17,861,051)	(28,218,097)	(30,206,699)	(5,325,581)	(15,682,627)	(17,671,229)
Cash and cash equivalents[1]	7,135,973	3,468,148	3,468,148	2,063,001	2,063,001	2,063,001
Total borrowings	15,544,618	25,901,664	27,890,266	10,882,942	21,239,988	23,228,590
Net borrowings[2]	8,408,645	22,433,516	24,422,118	8,819,941	19,176,987	21,165,589
Profit attributable to Owners of the Company	12,116,676	12,116,676	12,116,676	6,795,086	6,795,086	6,795,086
Number of Shares as at 28 February 2023 ('000)	523,316,100	470,984,490	470,984,490	523,316,100	470,984,490	470,984,490
Weighted average number of Shares as at 28 February 2023 ('000)	523,316,100	471,127,865	471,127,865	523,316,100	471,127,865	471,127,865
Financial Ratios						
NAV per Share (cents)[3]	13.14	11.62	11.20	8.82	6.82	6.40
Gross gearing (times)[4]	0.23	0.47	0.53	0.24	0.66	0.77
Net gearing (times)[5]	0.12	0.41	0.46	0.19	0.60	0.70
Current ratio (times)[6]	1.15	0.59	0.56	1.86	0.63	0.56
EPS (cents)[7]	2.32	2.57	2.57	1.30	1.44	1.44

Notes:

(1) Based on the assumption that the Company will partially finance the Share Buy-Backs from funds within the Group.

(2) "Net borrowings" represents total borrowings less cash and cash equivalents.

(3) "NAV per Share" represents NAV divided by the number of Shares as at the Latest Practicable Date.

(4) "Gross gearing" represents total borrowings divided by total equity.

(5) "Net gearing" represents net borrowings divided by total equity.

(6) "Current ratio" represents current assets divided by current liabilities.

(7) EPS represents net profit attributable to owners of the Company for FY2023 respectively divided by the weighted average number of Shares for FY2023.

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Scenario B

Share Buy-Backs with the Shares held as Treasury Shares

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
		On-Market Share Buy-Back	Off-Market Share Buy-Back		On-Market Share Buy-Back	Off-Market Share Buy-Back
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 28 February 2023						
Share capital	29,011,129	29,011,129	29,011,129	29,011,129	29,011,129	29,011,129
Shares held in Treasury	–	(14,024,871)	(16,013,473)	–	(14,024,871)	(16,013,473)
Shareholders' fund ("**NAV**")	68,762,558	54,737,687	52,749,085	46,163,556	32,138,685	30,150,083
Current assets	20,454,223	16,786,398	16,786,398	9,924,119	9,924,119	9,924,119
Current liabilities	(17,861,051)	(28,218,097)	(30,206,699)	(5,325,581)	(15,682,627)	(17,671,229)
Cash and cash equivalents(1)	7,135,973	3,468,148	3,468,148	2,063,001	2,063,001	2,063,001
Total borrowings	15,544,618	25,901,664	27,890,266	10,882,942	21,239,988	23,228,590
Net borrowings(2)	8,408,645	22,433,516	24,422,118	8,819,941	19,176,987	21,165,589
Profit attributable to Owners of the Company	12,116,676	12,116,676	12,116,676	6,795,086	6,795,086	6,795,086
Number of Shares as at 28 February 2023 ('000)	523,316,100	470,984,490	470,984,490	523,316,100	470,984,490	470,984,490
Number of Treasury Shares as at 28 February 2023 ('000)	–	52,331,610	52,331,610	–	52,331,610	52,331,610
Weighted average number of Shares as at 28 February 2023 ('000)	523,316,100	471,127,865	471,127,865	523,316,100	471,127,865	471,127,865
Financial Ratios						
NAV per Share (cents)(3)	13.14	11.62	11.20	8.82	6.82	6.40
Gross gearing (times)(4)	0.23	0.47	0.53	0.24	0.66	0.77
Net gearing (times)(5)	0.12	0.41	0.46	0.19	0.60	0.70
Current ratio (times)(6)	1.15	0.59	0.56	1.86	0.63	0.56
EPS (cents)(7)	2.32	2.57	2.57	1.30	1.44	1.44

Notes:

(1) Based on the assumption that the Company will partially finance the Share Buy-Backs from funds within the Group.

(2) "Net borrowings" represents total borrowings less cash and cash equivalents.

(3) "NAV per Share" represents NAV divided by the number of Shares as at the Latest Practicable Date.

(4) "Gross gearing" represents total borrowings divided by total equity.

(5) "Net gearing" represents net borrowings divided by total equity.

(6) "Current ratio" represents current assets divided by current liabilities.

(7) EPS represents net profit attributable to owners of the Company for FY2023 respectively divided by the weighted average number of Shares for FY2023.

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The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the financial condition, the liquidity and the orderly trading of the Shares, or the working capital requirements and gearing level of the Company and the Group. The Share Buy-Backs will only be effected after taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements of the Group) and non-financial factors (such as market conditions and performance of the Shares).

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2023 and is not necessarily representative of the future financial performance of the Company and the Group.

Although the Proposed Renewal of the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the Company's issued Shares (excluding Treasury Shares and Subsidiary Holdings), the Company may not necessarily buy back or be able to buy back ten per cent. (10%) of the issued Shares in full. In addition, the Company may cancel all or part of the Share Buy-Backs or hold all or part of the Share Buy-Backs as Treasury Shares.

2.9 Catalist Rules

Under the Catalist Rules, a listed company may only purchase or acquire shares by way of a market acquisition at a price which is not more than five per cent. (5%) above the average closing market price. The Maximum Price for a Share in relation to market purchases by the Company, referred to in Section 2.3.4 of this Appendix, conforms to this restriction.

While the Catalist Rules does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in compliance with Rule 1204(19)(c) of the Catalist Rules, the Company will not purchase or acquire any Shares through Share Buy-Backs during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of the Financial Year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the Exchange or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).

Rule 723 of the Catalist Rules requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities are held by public shareholders. The term "**public**", as defined in the Catalist Rules, refers to persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiary companies, as well as the Associates of such persons.

As at the Latest Practicable Date, there are 94,660,800 Shares are in the hands of the public (as defined above), representing approximately eighteen point zero nine per cent. (18.09%) of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings). For illustrative purposes only, assuming the Company undertakes purchases or acquisitions of its Shares up to the full ten per cent. (10%) limit pursuant to the Share Buy-back Mandate and all such Shares purchased or acquired are held by the public, the number of Shares in the hands of the public would be reduced by 52,331,610 Shares and the resultant number of Shares held by public Shareholders would be reduced to 42,329,190, representing approximately eight point ninety nine per cent. (8.99%) of the remaining issued Shares of the Company.

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In order not to adversely affect the listing status of Shares on the SGX-ST, the Company will not be permitted to undertake purchases or acquisitions of its Shares to the full ten per cent. (10%) limit pursuant to the Share Buy-back Mandate if it will result in the number of Shares held by public Shareholders falling below ten per cent. (10%) of the remaining issued Shares of the Company. Accordingly, the Company is restricted to market purchases of up to 47,032,400 Shares or approximately eight point ninety nine per cent. (8.99%) of the issued Shares, which would result in the number of Shares held by the public to be reduced to 47,628,400 Shares, representing approximately but not less than ten per cent. (10%) of the remaining issued Shares (being 476,283,700 Shares) of the Company. **For avoidance of doubt, the above illustration should not in any way bind the Company or be construed to imply that the Company can only buy-back up to 47,032,400 Shares.**

Notwithstanding the current level of the public float, the Company believes that having the flexibility to conduct Share Buy-Backs pursuant to the Share Buy-Back Mandate (if renewed) under appropriate circumstances will be beneficial to the Company. It is also possible that the public float may also change from time to time and such flexibility will be reduced if the Company seeks a lower limit based on the current level of the public float. Accordingly, for greater flexibility, the Company is seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to the maximum of ten per cent. (10%) of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings). Nevertheless, the Directors will ensure that the Company will not undertake any Share Buy-Backs under the Share Buy-Back Mandate (if renewed) if the public float is below ten per cent. (10%), or if this will result in the public float falling below ten per cent. (10%). The Company will consider investor interests when maintaining a liquid market in its securities, and will at all times ensure that there is sufficient float in the hands of the public so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share Buy-Backs by the Company or who may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

2.11 Take-over Code implications arising from Share Buy-Backs

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(1) Obligation to make a take-over offer

If, as a result of Share Buy-Backs, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such an increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such an increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

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(2) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(ii) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforementioned companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the aforementioned, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Buy-Back by the Company are set out in Appendix 2 of the Take-over Code.

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(3) Effect of Rule 14 and Appendix 2 of the Take-over Code

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Renewal of the Share Buy-Back Mandate, unless so required under the Companies Act, e.g. for a shareholder whose shares are to be bought via a selective share buy-back by an unlisted public company.

With regard to Directors and persons acting in concert with them, if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months, such Directors and persons acting in concert with them will be exempted from the requirement to make a take-over offer under Rule 14 of the Take-over Code, subject to the following conditions:

(i) this Appendix to contain advice to the effect that by voting for the Proposed Renewal of the Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to thirty per cent. (30%) or more, or, if they together hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share Buy-Back to be disclosed in this same Appendix;

(ii) the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Proposed Renewal of the Share Buy-Back Mandate;

(iii) directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate;

(iv) within seven (7) days after the passing of the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council;

(v) directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:

  (a) the date on which the authority of the Share Buy-Back Mandate expires; and

  (b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

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if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and

(vi) directors and/or persons acting in concert with them, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:

(a) the date on which the authority of the Share Buy-Back Mandate expires; and

(b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the Share Buy-Back and none of them has acquired any Shares during the Relevant Period, then such Director and/or persons acting in concert with him would be eligible for Council's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

Shareholders (including Directors) and their concert parties who hold more than fifty per cent. (50%) of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

If the Company decides to cease the Share Buy-Backs before it has purchased or acquired in full such number of Shares authorised by its Shareholders at the latest AGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

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(4) Application of the Take-over Code

The shareholdings of the Substantial Shareholders as at the Latest Practicable Date and after the purchase or acquisition by the Company (other than from the Substantial Shareholders) of the maximum of ten per cent. (10%) of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings) pursuant to the Share Buy-Back Mandate as the case may be, are as follows:

	Before Share Buy-Backs			**After Share Buy-Backs**		
	Number of Shares			**Number of Shares**		
Directors	**Direct Interest**	**Deemed Interest**	**%[1]**	**Direct Interest**	**Deemed Interest**	**%[2]**
Dato' Sri Ivan Chee Yew Fei[3]	530	253,249,470	48.39	530	253,249,470	53.77
Ng Mun Fey[4]	–	36,593,750	6.99	–	36,593,750	7.77
Teh Lip Kim[5]	1,679,300	166,465,625	32.13	1,679,300	166,465,625	35.70
Loong Ching Hong[6]	2,026,000	5,234,375	1.39	2,026,000	5,234,375	1.54
Chew Wai Chuen	–	–	–	–	–	–
Willa Chee Keng Fong	–	–	–	–	–	–
Anita Chew Cheng Im	–	–	–	–	–	–
Goh Kah Im	–	–	–	–	–	–
Substantial Shareholders (other than Substantial Shareholders who are Directors)						
Y F Chee Holdings Pte. Ltd.[3]	216,655,720	–	41.40	216,655,720	–	46.00
Greger International Sdn. Bhd.[3]	36,593,750	–	6.99	36,593,750	–	7.77
Teh Lip Bin[7]	–	159,137,500	30.41	–	159,137,500	33.79
SDB Mining Sdn. Bhd.[5][7]	154,937,500	–	29.61	154,937,500	–	32.90
Selangor Dredging Berhad[8]	–	154,937,500	29.61	–	154,937,500	32.90
Teh Wan Sang & Sons Sdn. Bhd.[9]	4,200,000	154,937,500	30.41	4,200,000	154,937,500	33.79

Notes:

(1) The percentage shareholding is based on the total issued share capital of the Company of 523,316,100 Shares (excluding Treasury Shares and Subsidiary Holdings), as at the Latest Practicable Date. The Company does not have any Treasury Shares or subsidiary holdings. Percentage figures are rounded to the nearest two (2) decimal places.

(2) The percentage shareholding is based on the total issued share capital of the Company of 523,316,100 Shares assuming (a) purchase or acquisition by the Company (other than from the Substantial Shareholders) of ten per cent. (10%) of the issued share capital of the Company pursuant to the Share Buy-Back Mandate and (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in.

(3) Dato' Sri Ivan Chee Yew Fei is deemed interested in (a) the 216,655,720 Shares held by Y F Chee Holdings Pte. Ltd. as he owns one hundred per cent. (100%) of the issued share capital of Y F Chee Holdings Pte. Ltd. and (b) the 36,593,750 Shares held by Greger International Sdn. Bhd. as he holds seventy per cent. (70%) of the issued share capital of Greger International Sdn. Bhd.

In the event the Company undertakes Share Buy-Backs within the Relevant Period of up to ten per cent. (10%) of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings) as permitted by the Share Buy-Back Mandate, the aggregate shareholdings and voting rights held by each of Dato' Sri Ivan Chee and his concert parties may be increased as illustrated above. The aggregate shareholdings and voting rights held by Dato' Sri Ivan Chee and his concert parties may thus be increased by more than one per cent. (1%) within a six (6) month period. Accordingly, Dato' Sri Ivan Chee and his concert parties may be required to make a general offer to the other Shareholders under Rule 14.1(b) of the Take-over Code.

(4) Ng Mun Fey is deemed interested in the 36,593,750 Shares held by Greger International Sdn. Bhd. as he holds thirty per cent. (30%) of the issued share capital of Greger International Sdn. Bhd.

(5) Teh Lip Kim is deemed interested in (a) the 7,328,125 Shares in the Company held by Smith St Investment Pte. Ltd. as she holds one hundred per cent. (100%) of the issued share capital of Smith St Investment Pte. Ltd.; (b) the 154,937,500 Shares held by SDB Mining Sdn. Bhd. as she holds (directly and indirectly) approximately sixty point three five per cent. (60.35%) of the issued shares of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.; and (c) the 4,200,000 Shares held by Teh Wan Sang & Sons Sdn. Bhd. which is owned by members of the Teh family which includes Teh Lip Kim. Teh Lip Kim and Teh Lip Bin are siblings.

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(6) Loong Ching Hong is deemed interested in the 5,234,375 Shares held by Western Capital Sdn. Bhd. as he owns one hundred per cent. (100%) of the issued share capital of Western Capital Sdn. Bhd.

(7) Teh Lip Bin is deemed interested in (a) the 154,937,500 Shares held by SDB Mining Sdn. Bhd as he holds (directly and indirectly) approximately thirty-nine point eight four per cent. (39.84%) of the issued share capital of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd and (b) the 4,200,000 Shares held by Teh Wan Sang & Sons Sdn. Bhd. which is owned by members of the Teh family which includes Teh Lip Bin. Teh Lip Kim and Teh Lip Bin are siblings.

(8) Selangor Dredging Berhad is deemed interested in the 154,937,500 Shares held by SDB Mining Sdn. Bhd. as it holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.

(9) Teh Wan Sang & Sons Sdn. Bhd. is deemed interested in the 154,937,500 Shares held by SDB Mining Sdn. Bhd, as it holds twenty-three point one zero per cent. (23.10%) of the issued share capital of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.

Teh Lip Kim and her concert parties

As at the Latest Practicable Date:

(a) Teh Lip Kim holds 1,679,300 Shares of the Company representing approximately zero point three two per cent. (0.32%) of the issued Shares (excluding Treasury Shares and Subsidiary Holdings) of the Company;

(b) Teh Lip Kim's brother, Teh Lip Bin, holds NIL Shares of the Company representing approximately zero per cent. (0%) of the issued Shares (excluding Treasury Shares and Subsidiary Holdings) of the Company;

(c) Teh Lip Kim holds (directly and indirectly) approximately sixty point three five per cent. (60.35%) of the issued shares of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd; and

(d) Teh Wan Sang & Sons Sdn. Bhd. is a company that is controlled by Teh Lip Kim and her close relatives.

In the event the Company undertakes Share Buy-Backs within the Relevant Period of up to ten per cent. (10%) of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings) as permitted by the Share Buy-Back Mandate, the aggregate shareholdings and voting rights held by each of Teh Lip Kim and her concert parties may be increased as illustrated above. The aggregate shareholdings and voting rights held by Teh Lip Kim and her concert parties may thus be increased by more than one per cent. (1%) within a six (6) month period. Accordingly, Teh Lip Kim and her concert parties may be required to make a general offer to the other Shareholders under Rule 14.1(b) of the Take-over Code.

(5) Exemption to make a general offer pursuant to Section 3(a) of Appendix 2 entitled "Share Buy-Back Guidance Note" of the Take-over code

Section 3(a) of Appendix 2 entitled "Share Buy-Back Guidance Note" of the Take-over Code sets out the conditions for exemption from the obligation to make a general offer under Rule 14 of the Take-over Code in the case of directors and persons acting in concert with them incurring such an obligation as a result of a listed company making a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act. Such take-over offer, if required to be made and had not been exempted by the Council, would have to be made in cash or be accompanied by a cash alternative at the higher of, excluding stamp duty and commission, (a) the highest price paid by the Concert Parties for any Shares within the preceding six (6) months or (b) the highest price paid by the Company for its own Shares in the preceding six (6) months.

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Pursuant to Section 3(a) of Appendix 2, Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties will be exempted from the obligation to make a general offer under Rule 14 of the Take-over Code as a result of a listed company making a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act, subject to the following conditions:

(i) the circular on the resolution to authorise the renewal of the Share Buy-Back Mandate contains advice to the effect that by voting for the resolution for the renewal of the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the Required Price from Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties who, as a result of the Company buying back its Shares, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names and voting rights of Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties at the time of the resolution and after the proposed Share Buy-Backs are disclosed in the same circular;

(ii) the resolution to approve the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Buy-Back;

(iii) Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;

(iv) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, each of Dato' Sri Ivan Chee and Teh Lip Kim to submit to the Council a duly signed Form 2 as prescribed by the Council; and

(v) Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposal for the Share Buy-Back Mandate is imminent and the earlier of:

    (a) the date on which the authority of the Share Buy-Back Mandate expires; and

    (b) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

    if such acquisitions, taken together with the Share Buy-Backs, would (in each case for Dato' Sri Ivan Chee and Teh Lip Kim and their respective concert parties) cause their aggregate voting rights in the Company to increase by more than one per cent. (1%) in the preceding six (6) months,

((1) Dato' Sri Ivan Chee and his concert parties as a collective group, and (2) Teh Lip Kim and her concert parties as a collective group, hereinafter collectively referred to as the "**Relevant Groups**" and each group, a "**Relevant Group**").

If the Company ceases to buy back its Shares under the Shares Buy-Back Mandate and the increase in the voting rights held by a Relevant Group as a result of the Company buying back its Shares at such time is less than one per cent. (1%), the Relevant Group will be allowed to acquire further voting rights in the Company. However, any increase in the percentage of voting rights held by a Relevant Group as a result of the Company buying back its Shares will be taken into account together with any voting rights acquired after the cessation by the Relevant Group in determining whether the Relevant Group's aggregate voting rights in the Company have increased by more than one per cent. (1%) in any six (6)-month period.

APPENDIX

Shareholders should note that voting to approve the Share Buy-Back Mandate will constitute a waiver by the Shareholders in respect of their rights to receive a general offer by the Relevant Groups at the Required Price in the circumstances set out above. Such a takeover offer, if required to be made and had not been exempted by the Council or such exemption granted is subsequently invalidated, would have to be made in cash or be accompanied by a cash alternative at the higher of (a) the highest price paid by the directors and/or persons acting in concert with them for any Share in the preceding six (6) months or (b) the highest price paid by the Company for its own Shares in the preceding six (6) months.

As at the Latest Practicable Date, Dato' Sri Ivan Chee and Teh Lip Kim have each informed the Company that they will be submitting the Form 2 to the Council within seven (7) days after the passing of the resolution relating to the renewal of the Share Buy-Back Mandate.

Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.

The statements herein in relation to the Take-over Code do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buy-Back pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-Back Mandate is in force.

2.12 Details of Share Buy-Backs pursuant to the Share Buy-Back Mandate

No purchases or acquisitions were made by the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs during the last twelve (12) months immediately preceding and up to the Latest Practicable Date.

2.13 Reporting requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve or renew the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with ACRA. The Company shall also lodge a notice with ACRA within thirty (30) days of a Share Buy-Back. Such notification is to include details such as the date of the Share Buy-Back, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the Share Buy-Back, the amount of consideration paid by the Company for the Share Buy-Back, whether the Shares were purchased or acquired out of profits or the capital of the Company and any such other particulars that may be prescribed.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

2.14 Limits on shareholdings

The Company does not have any limits on the shareholdings of the Shareholders.

APPENDIX

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%[1]	No. of shares	%[1]	No. of shares	%[1]
Directors						
Dato' Sri Ivan Chee Yew Fei[2]	530	0.00	253,249,470	48.39	253,250,000	48.39
Ng Mun Fey[3]	–	–	36,593,750	6.99	36,593,750	6.99
Teh Lip Kim[4]	1,679,300	0.32	166,465,625	31.81	168,144,925	32.13
Loong Ching Hong[5]	2,026,000	0.39	5,234,375	1.00	7,260,375	1.39
Chew Wai Chuen	–	–	–	–	–	–
Willa Chee Keng Fong	–	–	–	–	–	–
Anita Chew Cheng Im	–	–	–	–	–	–
Goh Kah Im	–	–	–	–	–	–
Substantial Shareholders (other than Substantial Shareholders who are Directors)						
Y F Chee Holdings Pte. Ltd.[2]	216,655,720	41.40	–	–	216,655,720	41.40
Greger International Sdn. Bhd.[2]	36,593,750	6.99	–	–	36,593,750	6.99
SDB Mining Sdn. Bhd.[4][6]	154,937,500	29.61	–	–	154,937,500	29.61
Selangor Dredging Berhad[6]	–	–	154,937,500	29.61	154,937,500	29.61
Teh Wan Sang & Sons Sdn. Bhd.[7]	4,200,000	0.80	154,937,500	29.61	159,137,500	30.41
Teh Lip Bin[8]	–	–	159,137,500	30.41	159,137,500	30.41

Notes:

(1) Based on the total number of 523,316,100 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date. The Company does not have any Treasury Shares or subsidiary holdings. Percentage figures are rounded to the nearest two (2) decimal places.

(2) Dato' Sri Ivan Chee Yew Fei is deemed interested in (a) the 216,655,720 Shares held by Y F Chee Holdings Pte. Ltd. as he owns one hundred per cent. (100%) of the issued share capital of Y F Chee Holdings Pte. Ltd. and (b) the 36,593,750 Shares held by Greger International Sdn. Bhd. as he holds seventy per cent. (70%) of the issued share capital of Greger International Sdn. Bhd.

(3) Ng Mun Fey is deemed interested in the 36,593,750 Shares held by Greger International Sdn. Bhd. as he holds thirty per cent. (30%) of the issued share capital of Greger International Sdn. Bhd.

(4) Teh Lip Kim is deemed interested in (a) the 7,328,125 Shares in the Company held by Smith St Investment Pte. Ltd. as she holds one hundred per cent. (100%) of the issued share capital of Smith St Investment Pte. Ltd.; (b) the 154,937,500 Shares held by SDB Mining Sdn. Bhd. as she holds (directly and indirectly) approximately sixty point three five per cent. (60.35%) of the issued shares of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd; and (c) the 4,200,000 Shares held by Teh Wan Sang & Sons Sdn. Bhd. which is owned by members of the Teh family which includes Teh Lip Kim. Teh Lip Kim and Teh Lip Bin, who are siblings.

(5) Loong Ching Hong is deemed interested in the 5,234,375 Shares held by Western Capital Sdn. Bhd. as he owns one hundred per cent. (100%) of the issued share capital of Western Capital Sdn. Bhd.

(6) Selangor Dredging Berhad is deemed interested in the 154,937,500 Shares held by SDB Mining Sdn. Bhd. as it holds 100 per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.

(7) Teh Wan Sang & Sons Sdn. Bhd. is deemed interested in the 154,937,500 Shares held by SDB Mining Sdn. Bhd, as it holds twenty-three point one zero per cent. (23.10%) of the issued share capital of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.

(8) Teh Lip Bin is deemed interested in (a) the 154,937,500 Shares held by SDB Mining Sdn. Bhd as he holds (directly and indirectly) approximately thirty-nine point eight four per cent. (39.84%) of the issued share capital of Selangor Dredging Berhad, which in turn holds one hundred per cent. (100%) of the issued share capital of SDB Mining Sdn. Bhd.; and (b) the 4,200,000 Shares held by the Wan Sang & Sons Sdn. Bhd. which is owned by members of the Teh family which includes Teh Lip Bin. Teh Lip Kim and Teh Lip Bin, who are siblings.

APPENDIX

4. DIRECTORS' RECOMMENDATIONS

The Directors (other than Dato' Sri Ivan Chee and Ms. Teh Lip Kim who have each abstained from making any recommendation in view of the take-over consequences set out in Section 2.11 of this Appendix), having carefully considered the terms and rationale of the Proposed Renewal of the Share Buy-Back Mandate, are of the view that the Proposed Renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favor of the ordinary resolution to approve the Proposed Renewal of the Share Buy-Back Mandate.

5. ANNUAL GENERAL MEETING

The AGM, notice of which has been announced on 12 June 2023, will be held at Esplanade Room 1, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on 28 June 2023 at 2:00 p.m. at for the purposes of considering and, if thought fit, passing, with or without modification, the ordinary resolutions relating to the Proposed Renewal of the Share Buy-Back Mandate.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

The AGM is being convened and will be held in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for the members to participate virtually. Printed copies of the Notice of AGM and Proxy Form will not be sent to members of the Company. Instead, these documents will be made available to members via publication on the Company's website at the URL https://www.fortress.sg and made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. The members of the Company may participate in the AGM by:

(a) attending the AGM in person;

(b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

(c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

Members will need to bring along their NRIC/passport so as to enable the Company to verify their identity.

A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. The proxy need not be a member of the Company. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the Chairman as proxy will vote or abstain from voting at his discretion.

APPENDIX

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(i) if sent personally or by post, by depositing a physical copy at the registered office of the Company at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(ii) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S Private Limited at main@zicoholdings.com,

in either case, by 2:00 p.m. on 25 June 2023 (being not less than seventy-two (72) hours before the time fixed for holding the AGM).

A member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Shareholders should refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.

7. ABSTENTION FROM VOTING

In addition, in light of the exemption under section 3(a) of Appendix 2 of the Take-over Code, each of (a) Dato' Sri Ivan Chee and his concert parties and (b) Teh Lip Kim and her concert parties, who are Shareholders of the Company, shall abstain from voting in respect of the ordinary resolution set out in the Notice of AGM relating to the Proposed Renewal of the Share Buy-Back Mandate, and will not accept any appointment as proxies or otherwise for voting on the ordinary resolution set out in the Notice of AGM unless specific instructions have been given in the proxy instrument(s) on how the votes are to be cast.

8. CONSENT

Shook Lin & Bok LLP, named as the legal adviser to the Company in respect of the Proposed Buy-Back Mandate, has given and has not withdrawn its written consent to the issuance of this Appendix with the inclusion of its name and all references thereto, in the form and context in which they appear in this Appendix.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the Share Buy-Back Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

APPENDIX

10. DOCUMENTS AVAILABLE FOR INSPECTION

The Constitution of the Company and the letter of consent from the legal adviser to the Company (referred to in Section 8 above) are available for inspection at the registered office of the Company at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896, during normal business hours from the date of this Appendix up to and including the date of the AGM.

This Appendix is also available on the Company's corporate website at https://www.fortress.sg and SGXNET at the URL https://www.sgx.com/securities/company-announcements.

Yours faithfully
For and on behalf of the Board of Directors of
FORTRESS MINERALS LIMITED

Dato' Sri Ivan Chee Yew Fei
Executive Director and Chief Executive Officer

FORTRESS MINERALS LIMITED
(Company Registration No.: 201732608K)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.fortress.sg. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT:

This Proxy Form is not valid for use by investors who hold shares in the Company ("**Shares**") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to specify voting instructions. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators by 2.00 p.m. on 20 June 2023.

*I/We ______________________________ (Name) ______________ (NRIC/Passport/Company Registration No.)

of ____ (Address)
being a *member/members of FORTRESS MINERALS LIMITED (the **"Company"**), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)	
			No. of Shares	%

or failing him/her*, the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf, at the AGM of the Company to be held at Esplanade Room 1, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Wednesday, 28 June 2023 at 2.00 p.m., and at any adjournment thereof. All resolutions put to the vote at the AGM shall be decided by way of poll. I/We direct my/our proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM:

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 28 February 2023 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Approval of a tax-exempt (one-tier) final dividend of 0.80 Singapore cents per share for the financial year ended 28 February 2023.			
3.	Re-election of Mr Ng Mun Fey as a Director of the Company.			
4.	Re-election of Ms Willa Chee Keng Fong as a Director of the Company.			
5.	Re-election of Mr Goh Kah Im as a Director of the Company.			
6.	Approval of payment of Directors' fees of S$592,000.00 for the financial year ending 29 February 2024, payable quarterly in arrears.			
7.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	Authority to allot and issue shares in the capital of the Company.			
9.	Authority to allot and issue shares under the Fortress Employee Share Option Scheme.			
10.	Renewal of Share Buy-Back Mandate.			

Dated this __________ day of ____________________ 2023.

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal of Corporate Member(s)
* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint 1 or 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints more than 1 proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he/she thinks fit.

4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this AGM.

   (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

5. For investors who hold shares through relevant intermediaries, including CPF and SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (by 2.00 p.m. on 20 June 2023) in order to allow sufficient time for their respective relevant intermediaries to submit a proxy form to vote on their behalf by the cut-off date. "Relevant intermediary" has the meaning as defined in section 181 of the Singapore Companies Act.

6. This instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

   (a) if sent personally or by post, be lodged at the Company's registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

   in either case, by 2.00 p.m. on 25 June 2023, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 12 June 2023.

FORTRESS MINERALS LIMITED
77 Robinson Road
#06-03, Robinson 77
Singapore 068896

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Website: www.fortress.sg