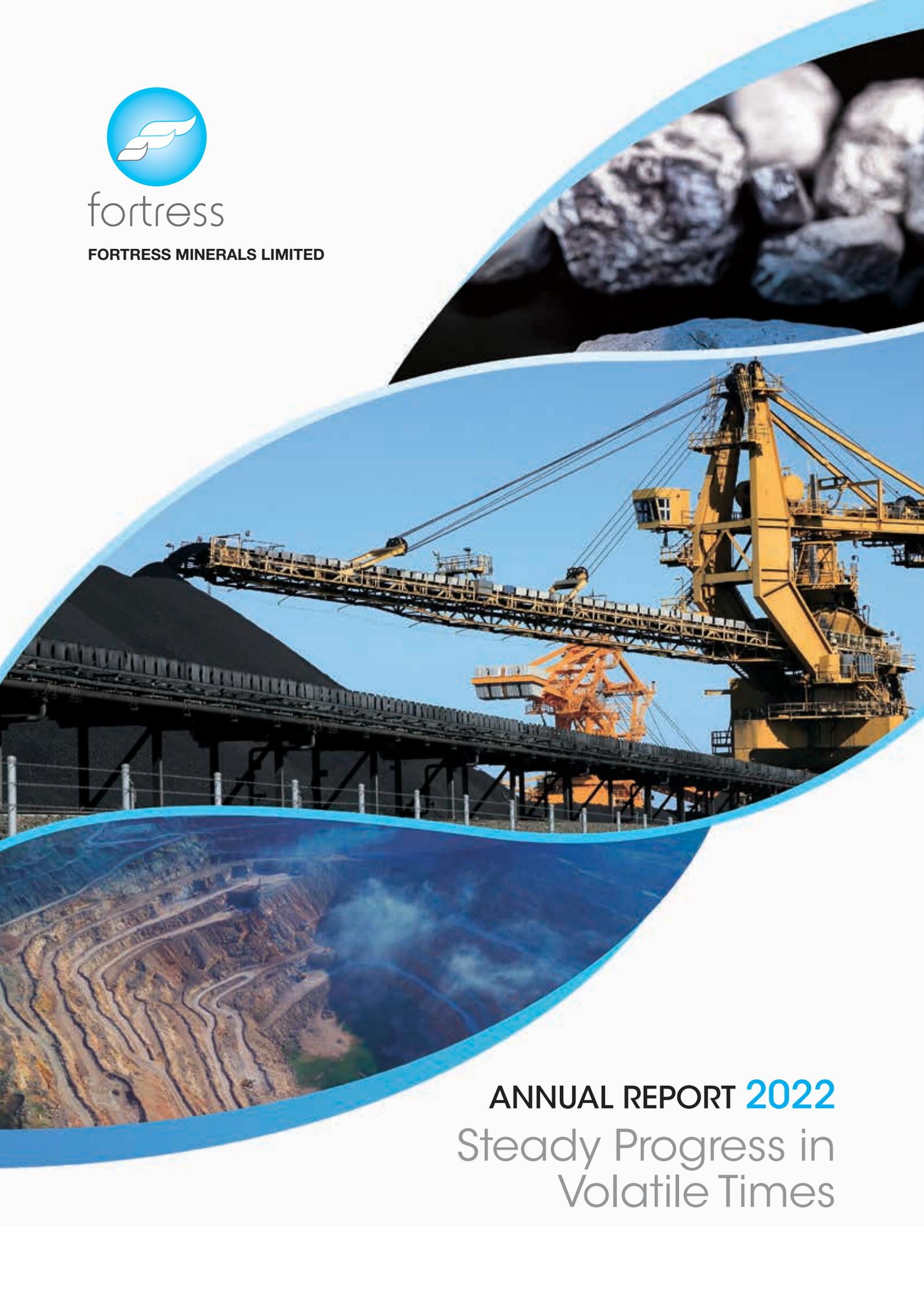




fortress

FORTRESS MINERALS LIMITED



ANNUAL REPORT **2022**  
Steady Progress in  
Volatile Times



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## PROXY FORM

*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 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto: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. We mine the iron ore from our East, Valley and West Deposits of our Bukit Besi Mine situated in the district of Dungun, state of Terengganu in Malaysia. The Bukit Besi Mine, with a land area of 526 hectare was leased by our Group from the state government of Terengganu under a mining concession agreement expiring in year 2033.

All of our iron ore concentrate are sold to domestic steel mills in Malaysia or exported to the People’s Republic of China (“**PRC**”) and Socialist Republic of Vietnam (“**Vietnam**”). Iron ore sold to domestic steel mills are trucked daily using our in-house fleet of heavy-duty trucks while export sales require sea freight sailing from the port of Kemaman, in the state of Terengganu, Malaysia. All of our iron ore are efficiently priced in the United States Dollar against international iron ore indexes as practiced world-wide.

We are well-positioned to capture growth opportunities, especially with our recent acquisition of Fortress Mengapur Sdn. Bhd. (formerly known as Monument Mengapur Sdn. Bhd.) and its subsidiaries (“**Fortress Mengapur**”). Together with our quality assets and operational expertise, we invest strategically through-the-cycle, as we aim to continue to enhance and unlock value for our shareholders.

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

### **Fortress Mining Sdn Bhd**

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 Income At Raffles  
Singapore 049318

## INDEPENDENT AUDITORS

### **BDO LLP**

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

### **Partner-in-charge: Leong Hon Mun Peter**

(a member of the Institute of Singapore Chartered Accountants)  
(Appointed since the financial year ended 28 February 2019)

## SHARE REGISTRAR

### **B.A.C.S. Private Limited**

77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896

## 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

### **Standard Chartered Bank Malaysia Berhad**

30, Jalan 52/4, PJ New Town  
46050 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**”), it is with great pleasure that I present to you our annual report for the financial year ended 28 February 2022 (“**FY2022**”).

Our third year of listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) was a challenging one, faced with Covid-19 restrictions, a resurgence of the pandemic in Malaysia, and adverse weather conditions. Nonetheless, Fortress persevered on its strategic growth initiatives to sustain growth prospects and support long-term shareholder value. The health and safety of our employees remain a key priority as we continue to improve operational efficiencies and prepare for our next phase of growth with the Cermat Aman Sdn Bhd (the “**CASB**”) mine expected to commence operations and contribute positively to FY2023.

The business, management and employees have shown great fortitude during the year, and we hope to keep up this persistence, to continue steadily growing the business.

### Adapting to the next normal

The pandemic continues to disrupt economies globally and the work environment around us. With this in mind, we have maintained great emphasis on protecting our workforce and regularly evaluate how we engage all our stakeholders.

Our skilled workforce is the backbone to our growth strategy. From the onset of the pandemic, we have established proactive preventative measures to ensure we remain vigilant against this evolving virus. The appropriate health, hygiene and distancing measures remain in place to keep our people safe, ensure minimal impact to our operations, and allow us to continue delivering high-quality product and services to our customers in Malaysia and the region.

We have also made arrangements for onsite vaccination drives to assist our employees to maintain their immunity against the virus. More than 95% of our employees are now fully vaccinated and have completed their booster shots.

In the normal course of business, we have also continued to ensure that our workforce is well-trained and there were zero major safety incidents or environmental non-compliance.

We sincerely appreciate the dedication of our staff in maintaining a conducive work environment and in continuing to support our vision of becoming a premier iron ore player in the region.

### Supporting our communities

It is important to us that we source our commodities responsibly and never compromise on our commitment to the communities in which we operate. This is especially so in an environment that has been impacted by the pandemic. We take our role in the ecosystem seriously and align our activities to the relevant international standards.

Progressing performance should not come at the risk of affecting the communities around us. Instead, we endeavour to grow alongside them and reciprocate the support shown by the local community in these challenging times.

Integrating this into our operations, we aim to create opportunities for economic participation that benefit local communities and businesses while creating employment. In FY2022, approximately 97% of our workers were from the local communities and over 80% of our raw materials, equipment and services were sourced locally.

# CHAIRMAN'S MESSAGE

Social responsibility and community development remains a large part of Fortress' aim to build a sustainable business, and we continue to identify areas in which we can contribute to charitable causes. In FY2022, we made donations to provide operating support to Malaysia's Haemodialysis Centre and to other charitable organisations to support the needs of the underprivileged, causes for mental health, persons with disabilities, as well as the elderly.

In our efforts to deliver a strong performance, we remain committed to being a good corporate citizen and to upholding good corporate governance and ethical business practices, for the long-term benefit of all stakeholders.

## Open communications

At Fortress, we commit resources to ensure we have a dedicated response to analysts and investors. We have voluntarily continued reporting our financial statements on a quarterly basis with the intention of maintaining regular and transparent communications with shareholders and potential investors. We endeavour to provide clear and timely disclosures to all our shareholders, to be the company of choice for investors looking to invest in the sector.

We have kept an open dialogue with the investing community, hosting results briefings, participating in a non-deal roadshow as well as having 1-on-1 meetings with investors and analysts during the year.

With our efforts, Phillip Securities has maintained its 'Buy' call on Fortress in April 2022.

Broader investor communication also takes place via our corporate website at [www.fortress.sg](http://www.fortress.sg) as well as through our annual reports and annual general meetings.

## Rewarding shareholders

Although we faced several disruptions in FY2022, we value the support and understanding of our shareholders through these challenges.

Our goal of continuing to maximise shareholder value remains. We continue to evaluate how best we can balance long-term returns to shareholders through sustainable dividend payouts from our profit and enhancing shareholder value through growth.

For FY2022, we maintained our intention of distributing not less than 20.0% of our Group's NPAT as we declared and paid a final dividend of 0.80 Singapore cents per share amounting to S\$4.0 million to reward shareholders for their support.

This has not only allowed us to reward shareholders but also add to long-term shareholder value by keeping our strategic growth plans on track, of which we strive to achieve positive contributions from in the years to come.

## Appreciation

On behalf of the Board, I would like to thank all our employees and senior management team for their persistence and fortitude amidst a volatile year. I would also like to extend our appreciation to our valued customers, business associates and financiers who continue to support and trust in us.

To my fellow directors and colleagues, your insight has been invaluable and brought clarity in these uncertain times.

Against a backdrop of volatility in the global environment, I believe that the strategic approach and practices we have adopted to establish a sustainable operation puts us in good stead for the long-term.

We are well-placed with our growth initiatives, quality assets and experience to rise above the challenges ahead with confidence.

## Chew Wai Chuen

Chairman and Independent Director

## CEO'S MESSAGE



### Dear Shareholders,

I am delighted to share with you Fortress' annual report for FY2022.

It has been a year of unprecedented uncertainty with the pandemic, conflict in Europe and rising inflation. As a leading iron ore concentrate miner and exporter in Malaysia, this year we focused on our growth strategy amid the disruptions to secure our prospects. This is fundamental in our efforts to provide greater value to our stakeholders in the long-term.

As we continued to invest strategically through-the-cycle, we have accomplished another milestone with the successful dry run of our operations at the Cermat Aman Sdn Bhd ("**CASB**") mine on 29 April 2022. We have also achieved our goals while maintaining high standards of health and safety for the benefit of our workforce. Having built on our strong foundation and expanded our avenues of growth, we are well-positioned to capture the positive outlook of the industry in the favourable iron ore pricing environment.

We endeavour to responsibly and efficiently grow the business to meet the increasing demand of our customers, create jobs in the communities we operate in, and add value for our shareholders.

### Operations Review

For FY2022, our Group sold 357,446 dry metric tonnes ("**DMT**") of iron ore concentrate which was a decline from the prior year. This was due to the approximate five-week lockdown restrictions in 2Q FY2022. Despite taking early initiatives to protect the safety of our workforce and the integrity of our operations, we were not spared from the challenges of the pandemic. However, we put our focus on overburden stripping and heavy maintenance work during machineries' downtime at the Bukit Besi mine, and are committed to commencing operations at the CASB mine in FY2023.

As such, all mining and processing activities, including further exploration and geology work at Bukit Besi mine, were completed as planned for FY2022. Our team of in-house geologists continued to expand our exploration at the East, Valley and West Deposits, removing overburden to ensure we have sufficient Mineral Resources for cost-efficient growth. Our resource levels remain healthy with 5.41 million tonnes ("**MT**") of Indicated and Inferred Mineral Resources grading 45.34% Fe. Our Statement of Minerals Resource is presented below and can be found in our FY2022 financial results uploaded onto SGXnet as well as on our website.

During the year, we continued to maintain strong relationships with our business partners in the region, despite the pandemic restrictions locally and the disruptions to global shipping. In Malaysia, we signed a new 15-month offtake agreement with a domestic steel mill on 12 October 2021 for approximately 375,000 wet metric tonnes ("**WMT**"). This is a testament to the consistent demand for our high-grade iron ore concentrate and trust in our efficient and reliable business operations. We also continued to deliver to our regional customers in the PRC and Vietnam, further strengthening our relationships with downstream players in these countries.

The sustainability of our growth has been a key focus since our listing in 2019 and we were delighted that the acquisition of Fortress Mengapur was completed on 7 April 2021. The assets of Fortress Mengapur comprise the entire tenements held by its wholly-owned subsidiaries CASB and Star Destiny Sdn Bhd ("**SDSB**"), which adds 951.68 hectares of exploration area to the 526.2 hectares at Bukit Besi. This also adds 10.72MT of magnetite Mineral Resources grading 33.65% Fe to the Group, increasing the total Indicated and Inferred magnetite Mineral Resources to 16.13MT with an average grade of 37.57% Fe as at 28 February 2022.

## CEO'S MESSAGE

We are testing and commissioning our operations at the CASB Mine and are at the last stage before we commence operations. This is on track with our strategic growth plans and a timely development given the strong iron ore pricing environment. With our experience and expertise with Bukit Besi, we believe that we will be able to ramp up operations efficiently and we look forward to its positive contribution in FY2023 and beyond.

The expanded exposure to the same key Mineral Resource in iron ore will help us realise synergies as we leverage existing downstream distribution lines to deliver greater volumes on an accelerated basis to meet growing demand. We will also be able to better match customers' specific demands and plan our production accordingly between our two producing assets to drive cost savings and extract further efficiencies.

### Financial Review

#### Revenue and Profitability

Fortress Minerals reported revenue of US\$43.4 million for FY2022, a 9.1% year-on-year ("yoy") decrease as we were focused on overburden stripping and heavy maintenance work during machineries' downtime at the Bukit Besi mine, and as we were committed to commencing operations at the CASB mine. The Group saw record average realised selling price of iron ore in FY2022 of US\$121.27, up 15.0% yoy. Although there was a slight increase in costs due to the lower volume sold, costs remained low at US\$25.46/WMT.

Gross profit for FY2022 was US\$33.4 million and we maintained a high gross profit margin of 77.0%, which has steadily improved from 76.4% in FY2021, 66.7% in FY2020 and 63.2% in FY2019.

We continued to achieve superior EBITDA of US\$23.5 million and a strong EBITDA margin of 54.1% for FY2022. Our Group's NPAT was US\$13.9 million with an NPAT margin of 32.0%. This is a decline from prior year as a result of the disruptions caused by the pandemic during the year. Earnings per share for FY2022 was at 2.78 US cents.

### Financial Position

The Group's net assets increased to US\$56.8 million as at 28 February 2022 from US\$48.4 million as at 28 February 2021, mainly due to the acquisition of Fortress Mengapur and US\$10.1 million in plant and equipment, and offset by the increase in borrowings.

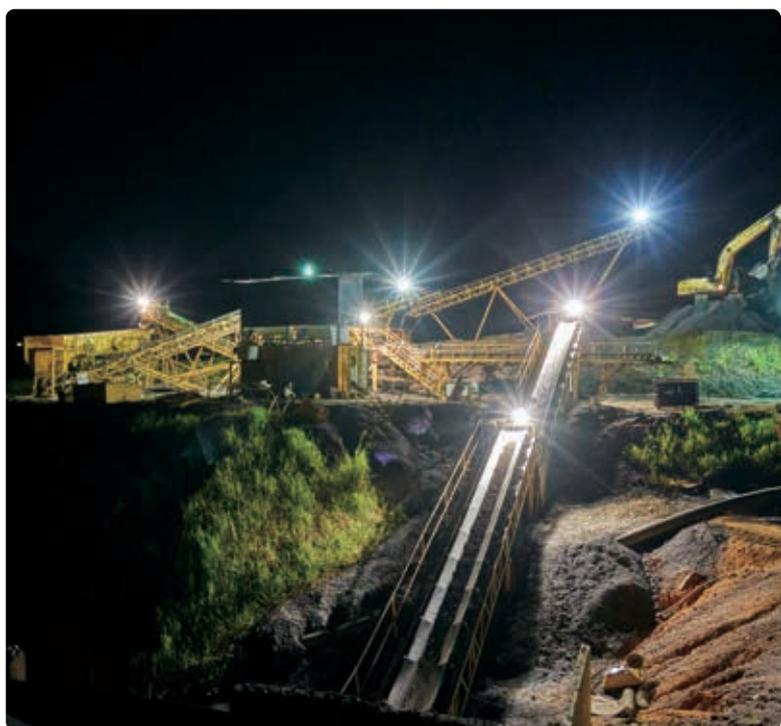
As at 28 February 2022, the Group had cash and bank balances of US\$6.9 million and recorded a positive working capital position of US\$2.7 million.

Net asset value per share was 11.36 US cents as at 28 February 2022 compared to 9.68 US cents as at 28 February 2021, reflective of our efforts to grow the business and our healthy financial performance.

### Cash Flow

For FY2022, the Group's net cash generated from operating activities increased to US\$22.7 million from US\$15.8 million in FY2021, after accounting for decrease in operating cash flows before working capital changes of US\$3.8 million and adjusted for working capital inflow of US\$12.5 million.

During FY2022, net cash flow used in investing activities increased by US\$23.4 million to US\$36.1 million as compared to the net cash flow used of US\$12.7 million in FY2021. The increase was primarily attributable to the residual consideration paid for Fortress Mengapur upon the completion of the acquisition and increase in capital expenditure investments for both the CASB mine and Bukit Besi mine in mining properties and plant and equipment amounting to US\$7.1 million and US\$7.8 million respectively.



## CEO'S MESSAGE

Net cash flow from financing activities was US\$10.4 million as compared to the net cash flow used in financing activities of US\$5.9 million in FY2021. The increase of US\$16.3 million was primarily due to absence of full settlement of shareholders loan, proceeds received from bank borrowings of US\$21.0 million to finance part of the acquisition of Fortress Mengapur, and proceeds received from bank borrowings of US\$2.3 million to finance capital expenditure for CASB mine. These were partially offset by repayments of bank borrowings, increase in interest expense paid, increase in short term deposit pledged to the bank and dividends paid.

### Bukit Besi Mine Mineral Resource

In the 2021 calendar year, just over 3,000 meters of resource definition drilling was completed from 42 drillholes to support the magnetite mining operations at Bukit Besi.

An update of the Bukit Besi Mineral Resource estimate was prepared from drill datasets dated 28 February 2022 and a mine survey dated 05 January 2022. The drilling, sampling, survey, and estimation methodologies are unchanged from the previous Mineral Resource update as at 28 February 2021 ("**2021 Mineral Resource update**"). The 2021 Mineral Resource update was included in the Group's FY2021 financial results, which were announced on the SGXNET on 21 April 2021 and is available

from the Company's website. The announcement includes the JORC Table 1 and summary information, both of which remain applicable for the FY2022 Mineral Resource update.

Leesa Collin, Principal Geologist and Director of MinOre Consulting Pty Ltd ("**MinOre**"), our independent consultants, has prepared the 2022 Mineral Resource estimate to include new drilling information and mining depletion as of 28 February 2022. The Mineral Resource estimates are 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 following summary of the Bukit Besi Mineral Resources is formatted following the requirements set out in Appendix 7D of the Catalyst Rules.

The updated and depleted MRE for the Bukit Besi Iron Project is 5.41 million tonnes grading 45.34% iron, with a reporting date of 28 February 2022. The MRE is classified as Indicated and Inferred following the JORC guidelines on a qualitative basis, considering numerous factors including data quality, geological complexity, data coverage, estimation validation and limited magnetite mass recovery data.



# CEO'S MESSAGE

Date of report: 26 April 2022

Date of previous report: 20 April 2021

Bukit Besi Mineral Resource tabulation – 28 February 2022\*

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	0.22	44.95	0.22	44.95	-16.2	None
West	Inferred	Iron	1.04	44.70	1.04	44.70	-8.3	None
Valley	Inferred	Iron	3.57	47.16	3.57	47.16	-3.0	None
East	Inferred	Iron	0.58	35.32	0.58	35.32	-30.4	None
<b>Total Indicated + Inferred</b>		<b>Iron</b>	<b>5.41</b>	<b>45.34</b>	<b>5.41</b>	<b>45.34</b>	<b>-7.6</b>	<b>None</b>

**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.

Name of Qualified Person/Competent Person: Leesa Collin/Leesa Collin

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 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 Mineral Resource estimates 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 relating to the estimation and reporting of the Bukit Besi Mineral Resources based on her information in the form and context in which they appear.

**Fortress Mengapur Mineral Resource**

As part of the acquisition of Fortress 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 exploration and processing of magnetite iron ore will continue to be the Group's primary focus; however, Mengapur also contains other minerals such as gold, silver, and 14.77MT of Inferred copper Mineral Resources grading 0.65% Cu.

## CEO'S MESSAGE

In the 2021 calendar year, the Company drilled 34 infill drillholes for 3,275m with sample analysis completed at both Bukit Besi and the Company's newly commissioned Mengapur laboratory. The Company is in the process of calibrating its internal laboratory analytical results to the historical analytical results achieved using different methodologies. Additionally, the Company is also completing a check assay program between the Mengapur laboratory and an external NATA certified laboratory to ensure the Mengapur analytical methods are of the accuracy and precision required for inclusion in a Mineral Resource estimate. As these work programs are still in progress, the Mineral Resources as at 28 February 2022 are unchanged from 26 October 2020.

Leesa Collin, working as an Associate Consultant of the independent qualified person, Valuation and Resource Management Pty Ltd, prepared the 2020 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 Catalyst Rules.

**Date of report: 26 April 2022**

**Date of previous report: 26 October 2020**

**Mengapur Inferred Mineral Resource tabulation – 28 February 2022\***

JORC Category	Mineral Type	Gross Attributable to Licences <sup>1</sup>						Net Attributable to Fortress						Change from previous update (%)	Remarks
		Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)	Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)		
Inferred	Skarn-hosted (Cu, Ag)	8.63	20.07	0.64	0.08	13.90	2.54	8.63	20.07	0.64	0.08	13.90	2.54	0%	2
	Pyrrhotite-hosted (Cu, Au, S, Fe)	6.21	30.62	0.67	0.31	5.80	16.08	6.14	30.62	0.67	0.31	5.80	16.08	0%	2
	Massive Magnetite (Fe)	5.27	31.04	0.08	0.11	2.42	2.79	5.27	31.04	0.08	0.11	2.42	2.79	0%	3
	Brecciated Magnetite (Fe, Au)	5.48	36.19	0.19	0.26	6.54	0.17	5.45	36.19	0.19	0.26	6.54	0.17	0%	3
Total Inferred Copper		14.83	24.49	0.65	0.18	10.52	8.19	14.77	24.46	0.65	0.18	10.53	8.19	0%	2
Total Inferred Magnetite		10.75	33.67	0.14	0.19	4.52	1.45	10.72	33.65	0.14	0.19	4.52	1.46	0%	3

### Notes:

1. A non-material portion of the resources in CASB are in the 'red free-digging' soils and attributable to Phoenix Lake Sdn Bhd (PLSB) and ZCM Minerals Sdn Bhd (ZCM).
2. The copper Mineral Resources reported above a 0.5% Cu cut-off.
3. The magnetite Mineral Resources reported above a 25% Fe cut-off.

\* 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.

Name of Qualified Person/Competent Person: Leesa Collin/Leesa Collin

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 Fortress will realise any mine schedule based on these resources.

# CEO'S MESSAGE

## Competent Person Statement

The Competent Person responsible for the preparation and reporting of the Group's Mineral Resource estimates 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 relating to the estimation and reporting of the Fortress Mengapur Mineral Resources based on her information in the form and context in which they appear.

## Outlook

Despite the unprecedented uncertainty with an ongoing pandemic, the conflict in Europe which may have long-term global repercussions to recovery, and rising inflation, we continue to focus on operational stability and cost discipline to ensure continued success.

Demand for the Group's iron ore concentrate from regional steel mills remains strong. The key underlying theme of decarbonisation in the steel industry also continues to support demand for higher grade iron ore in the long-term as lower impurities fulfil the needs of regional steel makers seeking to reduce greenhouse gas emissions and raise blast furnace productivity.

We remain in a healthy financial position and with the strong iron ore pricing environment, we are in a good position to continue building on our success and ramping up our operations.

Through-the-cycle investment has also been a key area of focus to ensure we continue to secure our long-term prospects. As such, we continue to explore various opportunities to acquire and/or enter into joint ventures to expand our portfolio of mining assets as well as provide mining contracting service. We aim to do so strategically and prudently to ensure sustainable growth.

## Acknowledgements

I am grateful for the support from our business associates, customers, employees and the community who have contributed to our continued growth. We will strive to further the business in a safe and responsible manner and to foster the relationships that we have built within the regional iron ore ecosystem.

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

We have built a business with strong foundation, and we have continued to successfully expand on that foundation to improve our prospects. With the continued trust from all our stakeholders, we stand ready to adapt to the challenges and generate greater long-term value going into FY2023.

## Dato' Sri Ivan Chee

Executive Director and CEO  
Fortress Minerals Limited

## KEY FINANCIAL HIGHLIGHTS



REVENUE

**US\$43.4M**  
{FY2021: US\$47.7M}



EBITDA<sup>(1)</sup>

**US\$23.5M**  
{FY2021: US\$26.6M}



NET CASH FLOW FROM  
OPERATIONS

**US\$22.7M**  
{FY2021: US\$15.8M}

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2022	FY2021	FY2020	FY2019
US\$'000	(MAR'21 – FEB'22)	(MAR'20 – FEB'21)	(MAR'19 – FEB'20)	(MAR'18 – FEB'19)
Revenue	43,366	47,718	25,925	20,629
Gross profit	33,381	36,466	17,280	13,034
Gross profit margin (%)	77.0	76.4	66.7	63.2
Profit before tax	18,655	23,358	9,537	6,809
Net profit after tax	13,881	18,245	6,497	4,894
Net profit margin (%)	32.0	38.2	25.1	23.7
Earnings per share (US cents)	2.78	3.65	1.31	1.17

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

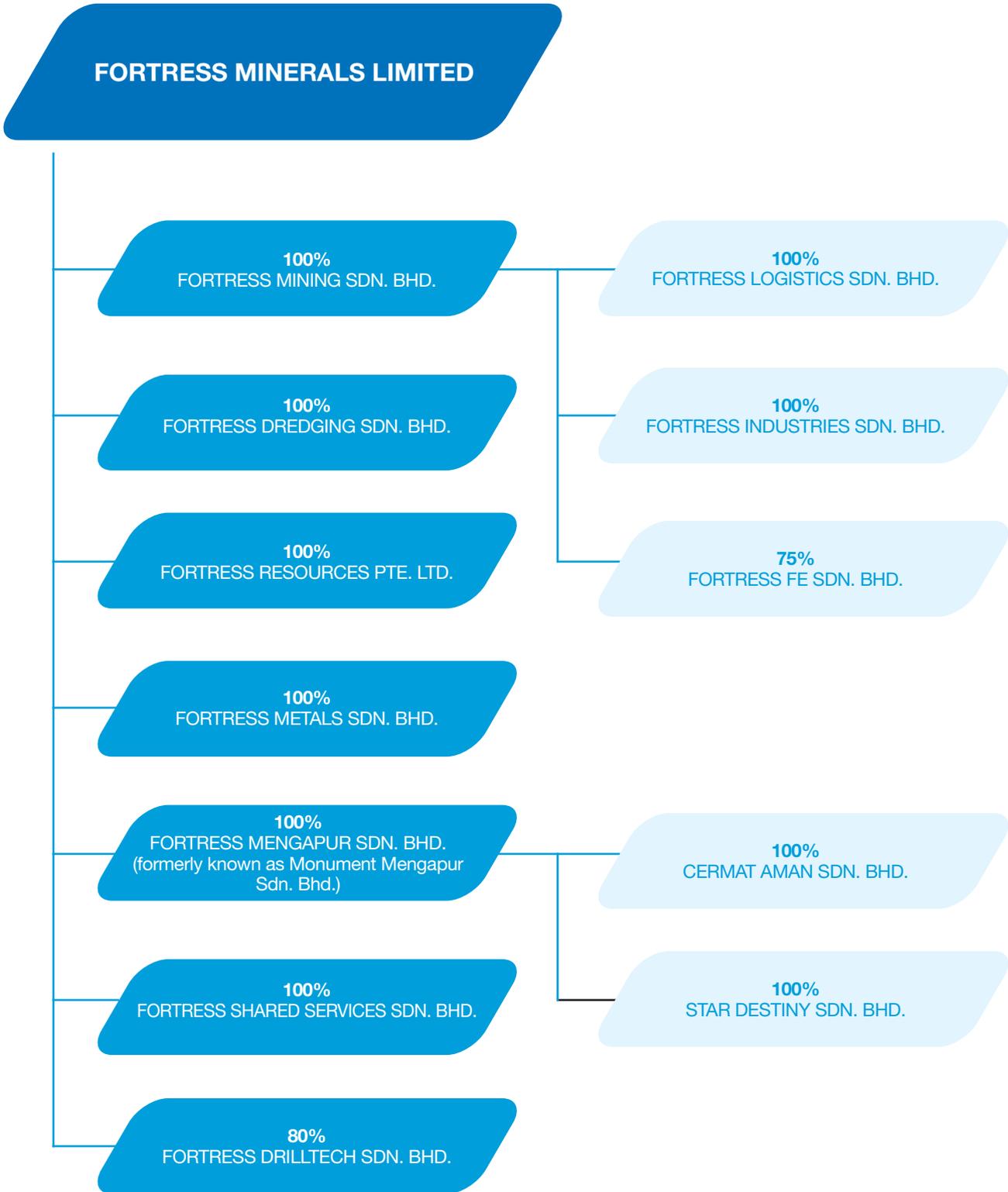
US\$'000	AS AT 28 FEB 2022	AS AT 28 FEB 2021	AS AT 29 FEB 2020	AS AT 28 FEB 2019
Non-current assets	74,264	26,285	22,694	18,742
Current assets	17,771	33,577	16,643	6,339
Non-current liabilities	20,204	2,722	1,652	16,226
Current liabilities	15,046	8,732	8,110	2,506
Equity attributable to owners of the Company	56,805	48,417	29,575	6,349
Net asset value per share (US cents)	11.36	9.68	5.92	1.27

**Note:**

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

# GROUP STRUCTURE

AS AT 18 MAY 2022



## GROUP STRUCTURE

Name of subsidiaries	Date/Place of incorporation & principal business	Registered capital/ Issued and paid-up capital	Percentage owned by the Group (%)	Principal activities
Fortress Mining Sdn. Bhd.	14 December 2010 Malaysia	MYR32,000,000 comprising 32,000,000 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Resources Pte. Ltd.	8 November 2017 Singapore	S\$1 comprising 1 ordinary share	100	Wholesale trade of a variety of goods without a dominant product
Fortress Logistics Sdn. Bhd.	3 September 2018 Malaysia	MYR4,500,000 comprising 4,500,000 ordinary shares	100	Transport of iron ore and minerals; renting of transport equipment and vehicles; supporting services for transport equipment and vehicles
Fortress Industries Sdn. Bhd. <sup>(1)</sup>	18 September 2018 Malaysia	MYR250,000 comprising 250,000 ordinary shares	100	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals
Fortress Dredging Sdn. Bhd. <sup>(1)</sup>	20 February 2020 Malaysia	MYR2,500,000 comprising 2,500,000 ordinary shares	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. <sup>(1)</sup>	8 April 2020 Malaysia	MYR3,500,000 comprising 3,500,000 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress FE Sdn. Bhd. <sup>(1)</sup>	7 October 2020 Malaysia	MYR100 comprising 100 ordinary shares	75	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Shared Services Sdn. Bhd.	2 March 2021 Malaysia	MYR100 comprising 100 ordinary shares	100	Function as the center of excellence and provide support across the Group's financial accounting, payroll, information technology, purchasing, corporate services and others

## GROUP STRUCTURE

Name of subsidiaries	Date/Place of incorporation & principal business	Registered capital/ Issued and paid-up capital	Percentage owned by the Group (%)	Principal activities
Fortress Mengapur Sdn. Bhd. (formerly known as Monument Mengapur Sdn. Bhd.)	6 April 2011 Malaysia	MYR495,101,061 comprising 495,101,061 ordinary shares	100	Investment holding
Cermat Aman Sdn. Bhd.	13 October 1997 Malaysia	MYR105,516,690 comprising 105,516,690 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Star Destiny Sdn. Bhd. <sup>(1)</sup>	14 February 2006 Malaysia	MYR23,193,829 comprising 23,193,829 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress Drilltech Sdn. Bhd.	11 May 2021 Malaysia	MYR100 comprising 100 ordinary shares	80	To carry on business as contractors for drilling and blasting works, other site preparation activities and mining work of any kind

**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 10 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.

## BOARD OF DIRECTORS

### 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 5 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.

### 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.

## BOARD OF DIRECTORS

### 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.

### 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, MK Land Holdings Berhad, Notion Vtec Berhad, K-One Technology Berhad and SKP Resources 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

Fortress Minerals Limited (“**Fortress**” or the “**Company**”, “**we**”, “**us**”) and collectively its subsidiaries, (the “**Group**”) are pleased to present the Group’s Sustainability report for the financial year ended 28 February 2022 (“**FY2022**”) highlighting our sustainability efforts and initiatives during the year. This is our second year of reporting covering areas from health and safety, our efforts to preserve the environment, protecting employees’ wellbeing and supporting our communities.

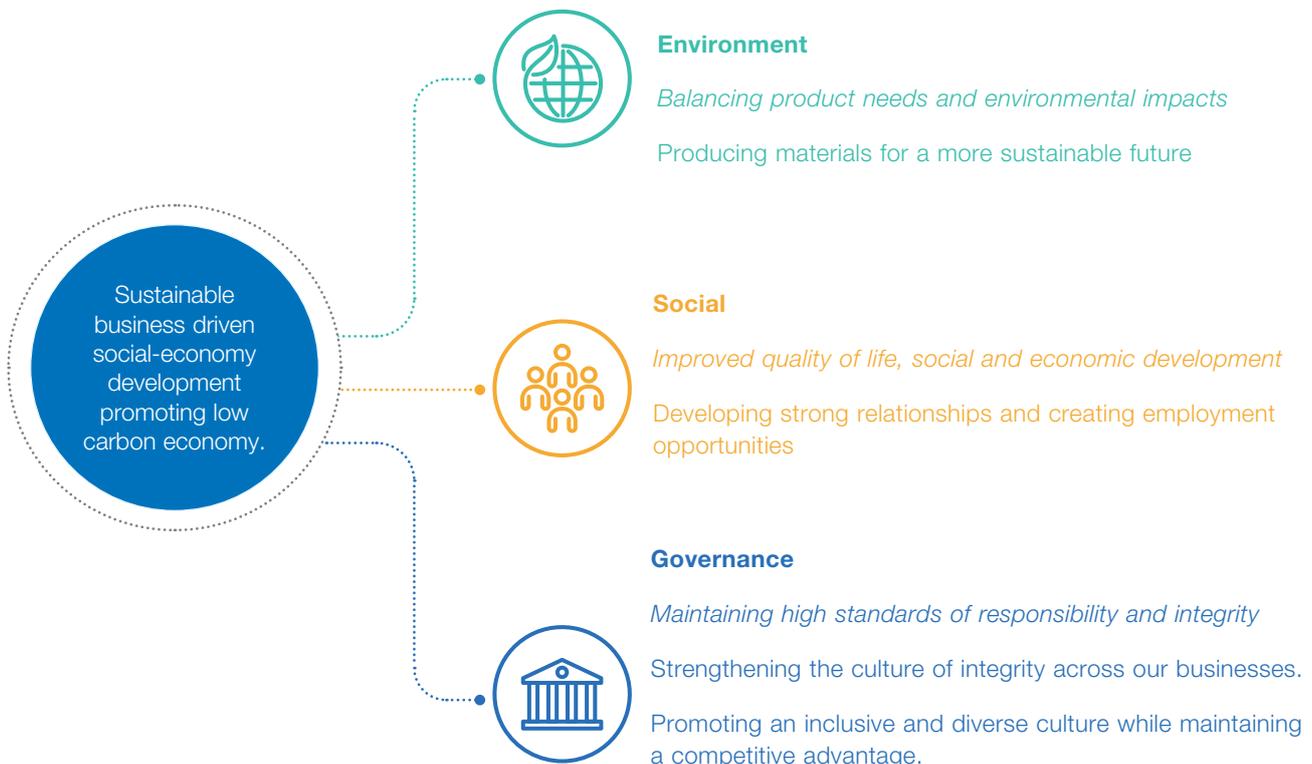
This report describes our environmental, social and governance (“**ESG**”) risks and opportunities which are considered material to our business and significant to our stakeholders. We reviewed our sustainability policies, processes, procedures to better understand our sustainability practices and identified areas of improvements to enhance our reporting on ESG risks and opportunities in FY2022.

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 Catalyst (“**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. Unless otherwise stated, this Sustainability Report covers sustainability performance of the operations of the Group in FY2022.

## Feedback

We welcome stakeholders’ feedback on our Report and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Report may be emailed to [corporate@fortress.sg](mailto:corporate@fortress.sg).

## Our Sustainability Story



# 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.

A structured sustainable development strategy has been developed and 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. The sustainability strategy is 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 sustainability strategy, 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 FY2022, we are pleased to include several materiality topics in addition to the materiality topics disclosed in FY2021 being energy, water management, air and noise emissions, compliance, pollution control, resource and waste management, training and development, procurement practices, compliance with SGX-ST listing rules or the Code of Corporate Governance and whistleblowing 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
 <p><b>Government and regulators</b></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Environmental pollution</li> <li>• Regulatory requirements</li> <li>• Economic issues</li> <li>• Taxes and royalties</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling waste and environmental hazards</li> <li>• Managing air emission</li> <li>• Site inspections on a quarterly basis and engagement with Department of Occupational Safety and Health (“<b>DOSH</b>”) in designing controls measures to tackle safety and wellbeing of workforce, as well as environmental compliances</li> <li>• Engaged consultants to assist with environmental compliance</li> <li>• Constantly monitor the updates in regulatory requirements</li> <li>• Code of Conducts and Ethics</li> </ul>

## SUSTAINABILITY REPORT

### Stakeholders' Engagement (cont'd)

Key Stakeholders	Area of Concern	Addressing Expectation
 <p><b>Employees</b></p> <p><i>Employees are essential to our day-to-day operations as they help us to achieve our vision and mission.</i></p>	<ul style="list-style-type: none"> <li>• Employees' health and safety</li> <li>• Diversity/inclusion</li> <li>• Compensation and benefits and welfare</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits and audits ensuring employees adhered to health and safety policies</li> <li>• Ensuring workplace safety and wellbeing of the workforce through DOSH</li> <li>• Fair and safe workspace practices</li> <li>• Recruitment policy</li> <li>• Annual review on payroll package and recruitment packages</li> <li>• Annual employee appraisal</li> <li>• Training and development courses</li> </ul>
 <p><b>Customers</b></p> <p><i>Our customers are our main supporters. Therefore, we are committed to mining quality iron ores to meet customers' expectation.</i></p>	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Protection of customer privacy</li> <li>• Pricing and contracts</li> <li>• Timeliness in delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Upholding the Company's brand by producing quality iron ore in a timely manner to meet customers' expectations.</li> <li>• Personal communication and contract negotiations</li> <li>• Non-Disclosure Agreement ("NDA") are acknowledged by both parties</li> </ul>
 <p><b>Business Partners and Suppliers</b></p> <p><i>Business partners and suppliers provide the necessary products and services for our businesses to operate in an efficient manner.</i></p>	<ul style="list-style-type: none"> <li>• Fair treatment</li> <li>• Professional and transparent procurement operations</li> <li>• Timely payments</li> <li>• Sustainable supply chain management</li> <li>• Contract terms and conditions</li> <li>• Compliance to Anti-bribery and anti-corruption regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Daily engagements</li> <li>• Contract negotiations</li> <li>• Anti-bribery and anti-corruption policy</li> <li>• Close monitoring of credit terms and maintaining reliable payment processes for timely payments</li> </ul>
 <p><b>Community</b></p> <p><i>We believe in investing in communities to enhance their quality of life. An estimated of 97% of our employees are locally employed. In addition, we frequently give back by donating to charitable organisations.</i></p>	<ul style="list-style-type: none"> <li>• Impact of operations on community</li> <li>• Talent recruitment and training</li> <li>• Social inclusion, local community development and caring for the less fortunate</li> </ul>	<ul style="list-style-type: none"> <li>• Training and development courses</li> <li>• Emphasis on local hires and purchases</li> <li>• Donations to charitable organisations</li> </ul>

# SUSTAINABILITY REPORT

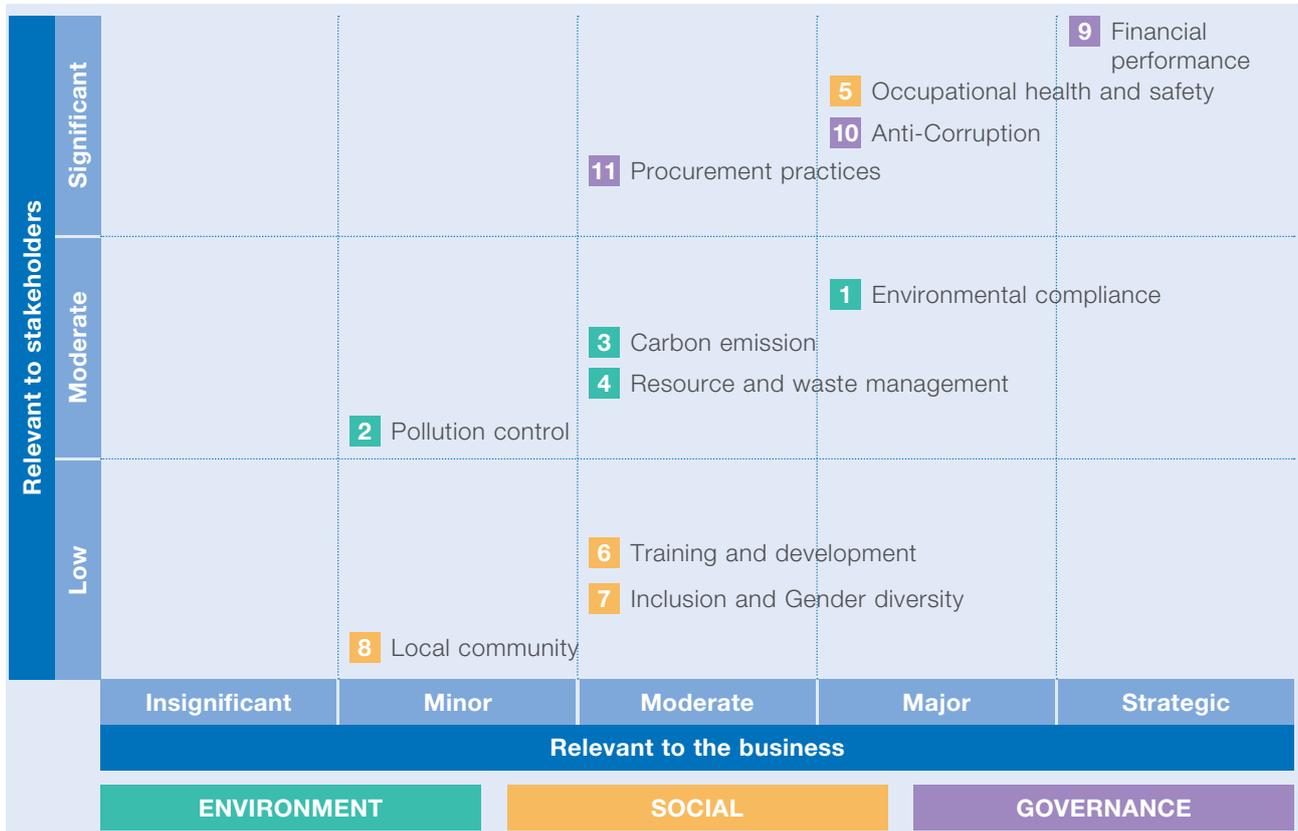
## Stakeholders' Engagement (cont'd)

Key Stakeholders	Area of Concern	Addressing Expectation
 <p><b>Shareholders/Investors</b></p> <p><i>Shareholders and investors invest in our company with the expectation they can generate financial returns.</i></p>	<ul style="list-style-type: none"> <li>• Effective business strategies</li> <li>• Effective communications and timely reporting</li> <li>• Sound corporate governance practices</li> <li>• Long-term growth of business</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting (“<b>AGM</b>”)</li> <li>• Extraordinary General Meeting (“<b>EGM</b>”)</li> <li>• Announcements such as press releases and quarterly financial results will be published via SGXNET and corporate website</li> <li>• Anti-bribery and Anti-corruption policy</li> <li>• Whistleblowing policy</li> </ul>

## Materiality Assessment and Key Sustainability Matters

Fortress performed a re-assessment to identify and update the material sustainability risks and opportunities relating to the ESG on 21 November 2021. 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 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

### COVID-19 Response

The COVID-19 pandemic has disrupted economies globally. Fortress's priority for the year was to adapt to the change in environment as well as the safety of our key stakeholders. As such, we have implemented measures and taken precautionary steps to address our stakeholders' concerns and will continue to work closely with them moving forward for further enhancement.

Stakeholders	Our Covid-19 Responses
<b>Shareholders</b> 	<p>We regularly update our shareholders on COVID-19 impacts through corporate announcements and our corporate website. We believe in maintaining close communication with our shareholders as we are accountable to address all their queries and concerns in a timely manner.</p>
<b>Employees</b> 	<p>We always emphasise our employees' well-being. Safety measures including temperature monitoring, social distancing, work from home arrangements, and providing Personal Protective Equipment ("PPE") e.g. face mask and hand sanitiser throughout offices were implemented.</p> <p>Several preventive measures including physical distancing, temperature screenings and others, were taken at our site offices from the very beginning of the outbreak to prevent the spread of COVID-19. The Group Human Resource ("HR") arranged with Kementerian Kesihatan Malaysia ("KKM") for on-site vaccination on 14 December 2021 and booster shots on 25 January 2022 at the site.</p> <p>The Group has constantly urged our employees to be sensible, responsible, wise and remained vigilant at all times in the fight against the deadly virus.</p>
<b>Suppliers</b> 	<p>In FY2022, we sourced more than 80% of raw materials, equipment and services locally. In our efforts of mitigating the spread of COVID-19, we implemented several measures as follows:</p> <ul style="list-style-type: none"> <li>• Suppliers on-site are required to wear masks at all times;</li> <li>• No handshaking; and</li> <li>• To perform a COVID-19 Rapid Test Kit ("RTK") prior to entering Company's premises or sites.</li> </ul>
<b>Regulatory authorities</b> 	<p>We follow Malaysia's regulatory authorities to prevent the spread of COVID-19. Some of the SOPs adopted by the Group include:</p> <ul style="list-style-type: none"> <li>• Daily temperature screening;</li> <li>• Use of protective equipment i.e. face mask;</li> <li>• Maintaining personal hygiene;</li> <li>• Maintaining social distancing at work;</li> <li>• Carry out RTK test in the event any employees are unwell;</li> <li>• Cleaning and disinfecting portable jobsite toilets regularly, refilling hand sanitiser dispensers frequently, and disinfecting high-touch items often; and</li> <li>• Utilising technology and digital communication channel to optimise remote productivity (Work from Home initiatives).</li> </ul>

# SUSTAINABILITY REPORT

## COVID-19 Response (cont'd)

Stakeholders	Our Covid-19 Responses
<p><b>Local communities</b></p> 	<p>Fortress donated US\$31,170 to the Kesihatan Kuala Nerus Rehabilitasi &amp; Hemodialisis in Terengganu, Persatuan Kebajikan OKU Hati Berhanda Selangor and Pertubuhan Kebajikan Mental Selangor during COVID-19 movement control order periods.</p>

## Sustainability Highlights for FY2022

Material ESG Factors	FY2022 Sustainability Performance
<b>Environmental<sup>(1)</sup></b>	
<b>Energy</b>	Recorded no harmful emissions nor spill in our operations.
<b>Water Management</b>	100% usage of rainwater for washing plant and ball mill.
<b>Air &amp; Noise Emissions</b>	Maintained within the allowable limits.
<b>Waste Management</b>	Achieved 20.7% of reduction in waste compared to FY2021.
<b>Compliance</b>	ZERO incidents of environmental non-compliance.
<b>Social</b>	
<b>Occupational health and safety</b>	<p>(a) ZERO incidents of non-compliance with local COVID-19 laws and regulations.</p> <p>(b) Total number of one (1) accident case.</p> <p>(c) Total lost time injury ("<b>LTI</b>") – 6 days</p> <p>(d) Total recordable injury frequency ("<b>TRIF</b>")<sup>(2)</sup> 0.34 per 200,000 hours worked.</p> <p>(e) ZERO incidents of work-related fatalities or permanent disabilities.</p> <p>(f) ZERO significant incidents of non-compliance with the workplace Safety and Health Act.</p>
<b>Training and development</b>	<p>(a) Achieved 399.5 training hours.</p> <p>(b) Invested US\$5,666 on training courses.</p> <p>(c) No incidents of material breach of employment laws.</p>

## SUSTAINABILITY REPORT

Material ESG Factors	FY2022 Sustainability Performance
<b>Social (cont'd)</b>	
<b>Local<sup>(3)</sup> community<sup>(4)</sup></b>	Donated US\$77,595 to local communities.
<b>Inclusion and Gender diversity</b>	(a) 96.6% of local staffs employed. (b) Target for achieving 100% engagement rate in conducting performance appraisals was met. (c) 13.5% of staff turnover rate. (d) Female employment in Board composition 37.5%. (e) 29.0% female employment in executive and managerial positions due to the nature of mining industry.
<b>Governance</b>	
<b>Compliance with SGX-ST listing rules or the Code of Corporate Governance</b>	ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.
<b>Whistle Blowing</b>	ZERO incidents of Whistle-Blower Complaints.
<b>Anti-bribery and Corruption</b>	ZERO incidents of non-compliance with anti-corruption regulations.
<b>Procurement practices</b>	Exceeded 80% of procurement with local <sup>(2)</sup> suppliers.
<b>Suppliers Assessment</b>	Maintained at least 80% annual evaluation rating for key suppliers.

### Notes:

- <sup>(1)</sup> Climate change and environmental performance in the Group's previous sustainability report have been further expanded into energy, water management, air & noise emissions, waste management and compliance.
- <sup>(2)</sup> TRIF : TRIF is calculated based on the number of recorded work-related injuries divided by annual number of hours worked (i.e. manhours for FY2022) and multiplied by standard 200,000 hours.
- <sup>(3)</sup> Local : Comprises the regions/countries where the Company and its subsidiaries operate, i.e. Malaysia and Singapore.
- <sup>(4)</sup> Communities and economic contribution in the Group's previous sustainability report are referred to as local community.



**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 the 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 where we operate in.

### A. Environmental

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

Material Topics	Material Sustainability Matter
<b>GRI 302: Energy</b>	<ul style="list-style-type: none"> <li>• <b>Resources and Waste Management</b></li> <li>• <b>Carbon Emission</b></li> </ul>
<b>GRI 303: Water Management</b>	<ul style="list-style-type: none"> <li>• <b>Resources and Waste Management</b></li> </ul>
<b>GRI 305: Air &amp; Noise Emissions</b>	<ul style="list-style-type: none"> <li>• <b>Pollution Control</b></li> <li>• <b>Environmental Compliance</b></li> </ul>
<b>GRI 306: Waste Management</b>	<ul style="list-style-type: none"> <li>• <b>Pollution Control</b></li> <li>• <b>Environmental Compliance</b></li> </ul>
<b>GRI 307: Compliance</b>	<ul style="list-style-type: none"> <li>• <b>Pollution Control</b></li> <li>• <b>Environmental Compliance</b></li> <li>• <b>Carbon Emission</b></li> </ul>

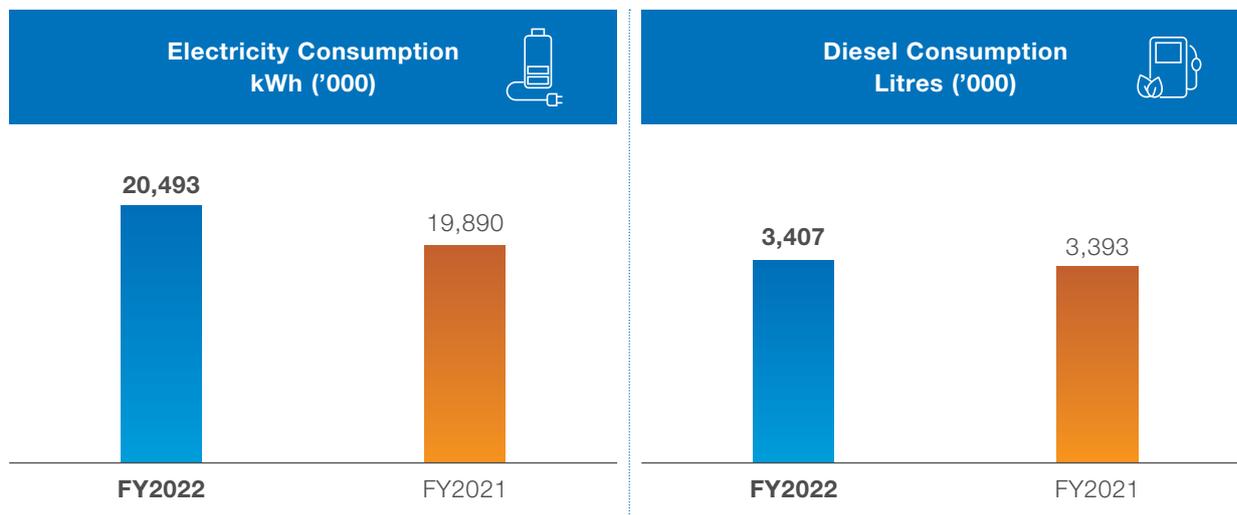
### Energy

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

Our Group produce greenhouse gas (“**GHG**”) generated from use of diesel and electricity. We are aware that diesel consumption will have impact on the environment. We will actively review our diesel and electricity consumption levels 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.

# SUSTAINABILITY REPORT

## Energy (cont'd)



Greenhouse Gas Emissions				
	FY2022		FY2021	
	Electricity (kWh)	Diesel (Litre)	Electricity (kWh)	Diesel (Litre)
Carbon Emission ("CO <sub>2</sub> e") <sup>(1)</sup> (Tonne)	7,607	9,444	7,383	9,406
Total Carbon Emission (Tonne)	17,051		16,789	

Due to increase in activity and with the re-opening of the economy, we have intensified our operations resulting in the increase in both electricity and diesel by 3% and 0.4% in FY2022 compared to FY2021.

While we are monitoring external factors leading to the increase in energy consumption, we are also exploring alternative methods to conserve energy, reduce the carbon footprint and to be more energy efficient in our operations.

Target for FY2022	Performance for FY2022
No target been set due to some strategic development changes to the mine operations.	Recorded no harmful emissions nor spill in our operations.
Target for FY2023	

Aim to maintain the record of not having harmful emissions nor spill.

(1) Carbon Emission Factor used in 2022 = 0.3712 kg CO<sub>2</sub>e/kWh for electricity and 2.7719 kg CO<sub>2</sub>e/litre for diesel as per U.S. Environmental Protection Agency's Emission Factors for GHG for FY2022. ([www.epa.gov/climateleadership](http://www.epa.gov/climateleadership))

## SUSTAINABILITY REPORT

### 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 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.

Surface runoff is another main concern. A detention pond is readily available in the mine to harvest the rainfall-runoff from the mine. The excess water will later be used in the mining processing plant.

Monthly tests are carried out by two (2) 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.

Although we did not set any targets for FY2022 due to some strategic development changes to the mine operations, we continue to manage our operation to ensure efficient water management. We are proud to announce that we successfully achieved a zero environmental penalty in FY2022, through our team effort to minimise the level of water contamination.

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

Target for FY2022	Performance for FY2022
<b>No target been set due to some strategic development changes to the mine operations.</b>	100% usage of rainwater for washing plant and ball mill.

#### Target for FY2023

Continue to maintain the 100% usage of rainwater for washing plant and ball mill.

### 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.

Fortress engaged 2 environmental consultants, ES Laboratories (M) Sdn Bhd and KenEP Laboratories (M) Sdn Bhd, 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.

# SUSTAINABILITY REPORT

## Air Pollution (cont'd)

The air pollution was kept to a level below the specified parameters set by Department of Environment (“DoE”) as indicated in the results of testing at A1 location as follow:

	Quarter	Parameter	Results (µg/m <sup>3</sup> )	Malaysian Ambient Air Quality Standard	Method Used
			<b>A1</b>		
Air	1	TSP	223	260 µg/m <sup>3</sup> (24 hours averaging time)	Note B
	2	TSP	29	260 µg/m <sup>3</sup> (24 hours averaging time)	Note A
	3	TSP	51	260 µg/m <sup>3</sup> (24 hours averaging time)	Note B
	4	TSP	23	260 µg/m <sup>3</sup> (24 hours averaging time)	Note A

Source: ES Laboratories (M) Sdn Bhd quarterly report.

Note:

TSP – Total Suspended Particulars

A – ASTM: Annual Book of ASTM Standards by American Society for Testing Materials D 4096.1993

B – In-house method (ESL/F/A-06) based on Manufacturer Measurement Procedure (Mini Vol TM TAS)

A summary of the finding outcome is described below:

FY2022	Parameter monitored	Results			Specification	
		A1 (ug/m <sup>3</sup> )	A2 (ug/m <sup>3</sup> )	A3 (ug/m <sup>3</sup> )	Average time	Malaysian Ambient Air Quality Guideline ("MAAQG") 1989
Q1	Total suspended particular, ug/m <sup>3</sup>	71	64	67	24 hours	≤260 ug/m <sup>3</sup>
Q2	No testing was conducted due to the Full Lockdown Movement Control Order (“FMCO”).					
Q3	Total suspended particular, ug/m <sup>3</sup>	65	58	60	24 hours	≤260 ug/m <sup>3</sup>
Q4	Total suspended particular, ug/m <sup>3</sup>	57	54	61	24 hours	≤260 ug/m <sup>3</sup>

As highlighted in the summary above, we kept our air pollution within the parameters set by DoE.

## SUSTAINABILITY REPORT

### Noise pollution

Noise pollution is contributed through our mining and production processes in Bukit Besi, Dungun in Terengganu. In ensuring our noise pollution is kept below the Maximum Permissible Sound Level (“**LAeq**”), we had engaged professional consultants 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 as indicated below:

FY 2022	Day/Night	LAeq	LA10	LA90
Q1	Day	47.8	49.4	43.4
	Night	48.1	49.2	46.0
Q2	Day	No testing was conducted due to the Full Lockdown Movement Control Order (“ <b>FMCO</b> ”).		
	Night			
Q3	Day	46.8	49.3	42.4
	Night	47.6	49.3	43.8
Q4	Day	59.4	61.2	54.2
	Night	49.6	50.9	45.1

Investigations were conducted for any indicators beyond specified parameters to identify causes and actions to reduce the noise level.

Target for FY2022	Performance for FY2022
<b>No targets for air and noise been set due to some strategic development changes to the mine operations.</b>	Maintained within the allowable limits.
Target for FY2023	
Continue to maintain 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 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 metric ton. 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.

No.	Waste Category Code	Waste of Name
1	SW305	Use Oil (Lot 110548)
2	SW305	Used Engine Oil
3	SW306	Use Hydraulic Oil (Lot 110548)
4	SW306	Used Hydraulic Oil
5	SW404	Clinical Waste
6	SW408	Contaminated Soil
7	SW410	Contaminated papers of filters
8	SW410	Used oil Filter
9	SW410	Waste Oil Filter (Lot 110548)
10	SW421	Lab Waste

Table 1: Inventory of schedule waste for FY2022.

Target for FY2022	Performance for FY2022
-	Achieved 20.7% of reduction in waste compared to FY2021.
Target for FY2023	

To reduce the production of waste on a y-o-y basis.



## 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, Terengganu in FY2022.

An environmental audit was carried out by the DoE in January 2022 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
Diesel skid tanks are well stored within the bunded area. However, the bund has a small hole which needs to be covered.	The small hole mentioned has been patched up in February 2022.

Areas of enhancement	Actions taken by Fortress
Maintenance of Best Management Practices (“BMPs”) are regularly done. However, proper record was not in place especially after the rainfall event (more than 12.5mm).	BMPs have been continuously recorded and updated since March 2022.

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. In FY2022, one of our Environment personnel has 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.

Target for FY2022	Performance for FY2022
<b>ZERO incidents of environmental non-compliance.</b>	ZERO incidents of environmental non-compliance.

#### Target for FY2023

To maintain ZERO incidents of environmental non-compliance.

# SUSTAINABILITY REPORT



## 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: Inclusion and Gender diversity	Inclusion and Gender diversity

#### Human Capital

##### **Occupational health and safety**

(GRI Reference: GRI 403-1)

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.

With our effective Health and Safety Standard Operating Procedure (“SOP”), we are pleased to report that there were no fatalities reported for FY2022.

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, operational procedures for SOPs and physical distancing were developed as the safety and health of our employees at our workplace is our top priority to prevent any spread of the contagion.

In FY2022, we have collaborated with the Ministry of Health, to set up a vaccination centre in our site office at our Bukit Besi Mine situated in the district of Dungun, state of Terengganu in Malaysia, to enable our employees to be vaccinated promptly. With that effort, majority of the employees received double doses of vaccination and zero Covid-19 cases were reported.

With our continuous efforts and measures in place, major accident cases remained unchanged for both FY2021 and FY2022. Overall, the Group’s lost time injury (“LTI”) reduced by 54 days, as shown below:

Details	Major Cases		Minor Cases		Near Misses	
	2022	2021	2022	2021	2022	2021
Total accidents	1	1	0	0	0	0
Total LTI – Days	6	60	0	0	0	0

##### *Definition:*

- **Major** – accidents that cause employees to be on medical leave for more than four (4) days.
- **Minor** – accidents that cause employees to be on medical leave for four (4) days and below or without any injuries.
- **Near miss accident** – an unplanned accident that has the potential to cause but does not result in human injury, environmental or equipment damage, or an interruption to the Group’s normal operations.

# SUSTAINABILITY REPORT

## Occupational health and safety (cont'd)

FY2022 Targets	FY2022 Performance	FY2023 Targets
ZERO incidents of non-compliance with local COVID-19 laws and regulations.	ZERO incidents of non-compliance.	ZERO incidents of non-compliance.
–	Total number of one (1) accident case.	To continuously monitor and reduce the number of accident cases to Nil (“0”) number of accident cases.
–	6 days.	To continuously monitor and maintain/reduce the number of LTI to an acceptable level.
Year-on-year improvement of our total recordable injury frequency (“TRIF”)*.	Improved TRIF of <b>0.34 per 200,000 hours worked.</b>	To continuously monitor and maintain/reduce the TRIF to an acceptable level.
ZERO work-related fatalities or permanent disabilities.	ZERO incidents of work-related fatalities or permanent disabilities.	To maintain Zero work-related fatalities or permanent disabilities.
ZERO significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act.	ZERO significant incidents of non-compliance.	To maintain Zero significant incidents of non-compliance.

\* Per 200,000 hours worked.

## Training and development

(GRI Reference: GRI 404-1, 404-2, 404-3)

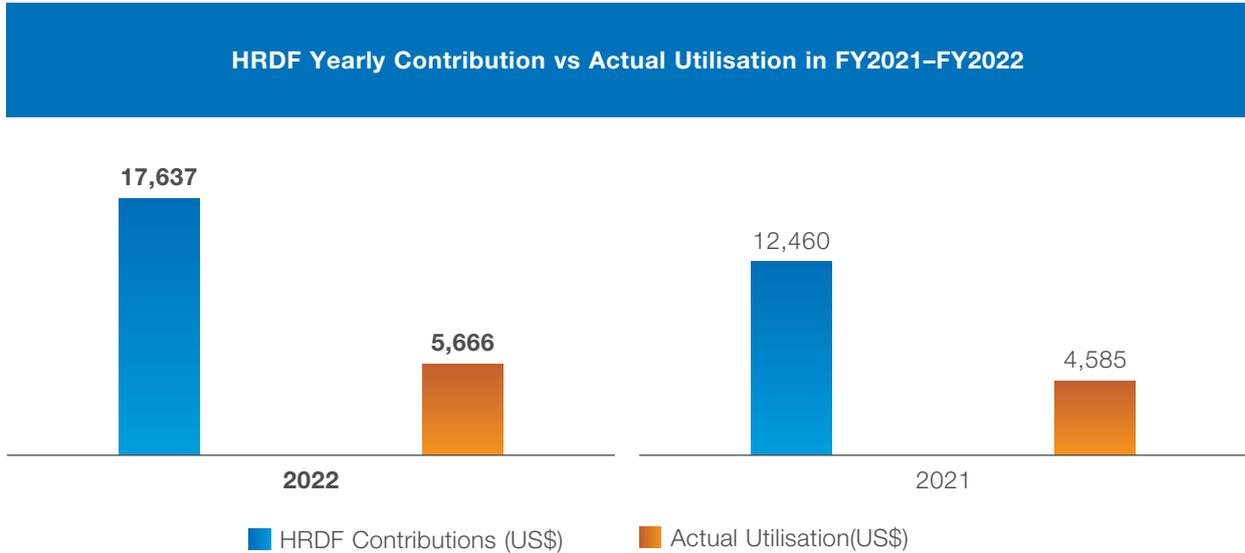
At Fortress, we encourage our employees to reach greater heights at their career development. We invest in our employees by providing them with training and development programs ranging from technical and professional skills to safety aspects. These training programs are to ensure our employees are fully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

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.

In FY2021, despite the COVID-19 pandemic, 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. We increased our investment in our learning and development programmes to US\$17,637 as compared to US\$12,460 in FY2021.

## SUSTAINABILITY REPORT

### Training and development (cont'd)



### Human Resource Development Fund (“HRDF”) Yearly Contribution vs Actual Utilisation in FY2021-FY2022

Due to the Movement Control Order (“MCO”) imposed in FY2021, lesser training expenses were incurred, however in FY2022, as economy was reopening, we invested in training our employees to enhance their skill sets.

Target for FY2022	Performance for FY2022	Target for FY2023
–	Achieved 399.5 training hours.	To increase 30% of the training hours annually for employees and to carry out refresher trainings for older employees on health and safety matters.
–	Invested US\$5,666 on training courses.	To increase 30% of the 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.

### Local community

(GRI Reference: GRI 413-1)

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.

# SUSTAINABILITY REPORT

## Local community (cont'd)

In FY2022 and FY2021, Fortress invested and contributed to local communities, businesses, and government as follows:

Country	FY2022		FY2021	
	Amount (US\$)	%	Amount (US\$)	%
Malaysia	41,025	52.9	47,135	72.4
Singapore	36,570	47.1	17,955	27.6
<b>Total</b>	<b>77,595</b>	<b>100.0</b>	<b>65,090</b>	<b>100.0</b>

Target for FY2022	Performance for FY2022
<b>Continue to maintain our efforts to support activities of local communities.</b>	Donated US\$77,595 to local communities.

### Target for FY2023

Continue to engage with the local communities with such support.

## Inclusion and Gender diversity

(GRI Reference: 405-1)

In supporting local talent, Fortress emphasises inclusion and gender diversity 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 whereby all employees would feel safe and included.

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. The breakdown of the employee profile is as follows:

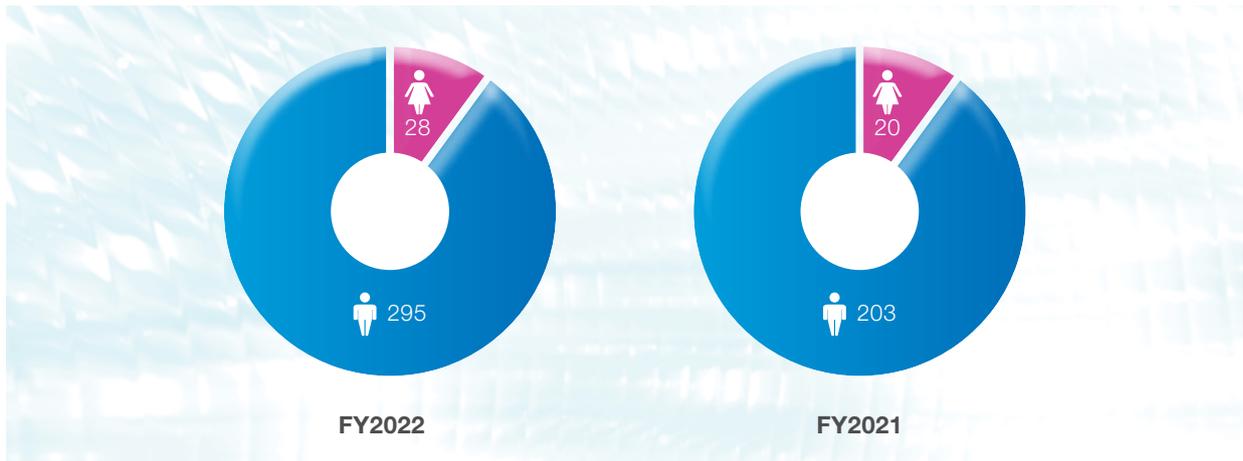
Details	Employee Profile			
	FY2022		FY2021	
	No. of Employees	%	No. of Employees	%
<b>Executive</b>	69	21	53	24
<b>Non-executive</b>	254	79	170	76

Note: Executive consist of Top Management, Head of Departments and employees at Headquarters and Non-executive consist of labourers.

## SUSTAINABILITY REPORT

### Inclusion and Gender diversity (cont'd)

#### The Group's Gender Profile for FY2021 and FY2022



We recognise that the mining industry is typically dominated by men. At Fortress, our female employees represented 8.7% (2021: 9.0%) 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 45% (FY2021: 38%) of total employees whereas the remaining age group of 30-50 years old comprises of 44% (FY2021: 49%) and experienced employees, who are above 50 years old comprises of 11% (FY2021: 13%).

Year	Employees in the various age group				Total number of employees
	<30 y/o %	30-50 y/o %	>50 y/o %	Total %	
<b>FY2022</b>	45	44	11	100	323
<b>FY2021</b>	38	49	13	100	223

# SUSTAINABILITY REPORT

## ***Inclusion and Gender diversity (cont'd)***

Our Board comprises talented individuals from diverse backgrounds and they are the foundation to our Group resiliency in these 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 FY2022, the women participation at Board level was 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.

Target for FY2022	Performance for FY2022	Target for FY2023
<b>At least 80% local economic benefits from employment.</b>	96.6% of local staffs employed.	Maintain at least 80% of local employment.
<b>Achieve 100% engagement rate in conducting performance appraisals and identifying required training programmes.</b>	Achieved 100% engagement rate.	Performance appraisal for all employees annually.
<b>Monitor and reduce or maintain staff turnover rate.</b>	13.5% of staff turnover rate.	Aims to maintain a low turnover rate of below 15%.
<b>1/3 or 37.5% of female representation at board level.</b>	Female representation at Board level of 37.5%.	Aims to maintain 1/3 female representation at Board level.
<b>Increasing female employment in business<sup>^</sup>.</b>  <sup>^</sup> <i>executive and managerial level</i>	29.0% female employment in executive and managerial positions due to the nature of the mining industry which typically is dominated by men.	Aims to maintain female employment in business <sup>^</sup> 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
<b>Anti-corruption</b> (GRI Reference: 205-2)	<ul style="list-style-type: none"> <li>• Anti-corruption</li> </ul>
<b>Financial Performance</b> (GRI Reference: GRI 201-1)	<ul style="list-style-type: none"> <li>• Financial performance</li> </ul>
<b>Procurement practices</b> (GRI Reference: GRI 204)	<ul style="list-style-type: none"> <li>• Procurement practices</li> </ul>
<b>Suppliers' Assessment</b> (GRI Reference: GRI: 414-1)	<ul style="list-style-type: none"> <li>• Procurement practices and evaluation rating</li> </ul>

### 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's 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**

(GRI Reference: GRI 205-3)

Since FY2022, we published our whistleblowing policy on our corporate 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](mailto: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. For further details on the Company's whistleblowing policy, it is made available on our corporate website at [www.fortress.sg](http://www.fortress.sg).

We achieved zero whistle-blower complaints and zero incidence when contracts with business partners were terminated or not renewed due to violations related to corruption for FY2022. (FY2021: Zero cases)

### **Anti-corruption**

(GRI Reference: 205-2)

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 1 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](http://www.fortress.sg).

Target for FY2022	Performance for FY2022	Target for FY2023
<b>ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.</b>	Zero incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.	ZERO incidents of non-compliance with the Catalist Rules or the Code of Corporate Governance.
<b>ZERO incidents of Whistle-Blower Complaints.</b>	Zero incidents of Whistle-Blower Complaints.	ZERO incidents of Whistle-Blower Complaints.
<b>ZERO incidents of non-compliance with anti-corruption regulations.</b>	Zero incidents of non-compliance with anti-corruption regulations.	ZERO incidents of non-compliance with anti-corruption regulations.

# SUSTAINABILITY REPORT

## Financial Performance

(GRI Reference: GRI 201-1)

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 2022 available online at SGXNet and [www.fortress.sg](http://www.fortress.sg).

## Procurement practices

(GRI Reference: GRI 204)

Fortress's purchases include technical purchases, urgent purchases, stock item purchases and non-stock item purchases. To strengthen the procurement practices, the Company has engaged a procurement consultant to enhance the procurement standard operation procedures. The consultants are in the midst of drafting an enhanced standard operating procedures for Fortress's procurement practices ("**Procurement SOP**") 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 FY2021 and FY2022.

Country/Financial Year	FY2022		FY2021	
	Amount (US\$'000)	Percentage (%)	Amount (US\$'000)	Percentage (%)
<b>Singapore</b>	742	1.5	752	4.8
<b>Malaysia</b>	43,045	84.2	12,595	80.2
<b>Others*</b>	7,315	14.3	2,363	15.0
<b>Total</b>	<b>51,102</b>	<b>100.0</b>	<b>15,710</b>	<b>100.0</b>

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

Fortress is set to adopt the use of technology in FY2023 as a way of delivering world class production service. Our Group embraces the use of technology in the e-Procurement system which is intended to improve its efficiency on the procurement process. In the meantime, Fortress has engaged a third-party vendor to assess the procurement process and is actively sourcing vendors to supply the e-Procurement system.

Fortress's target for FY2023 is to complete the evaluation, implementation and stabilisation of the e-Procurement system and the Procurement SOP would be completed by early 2023.

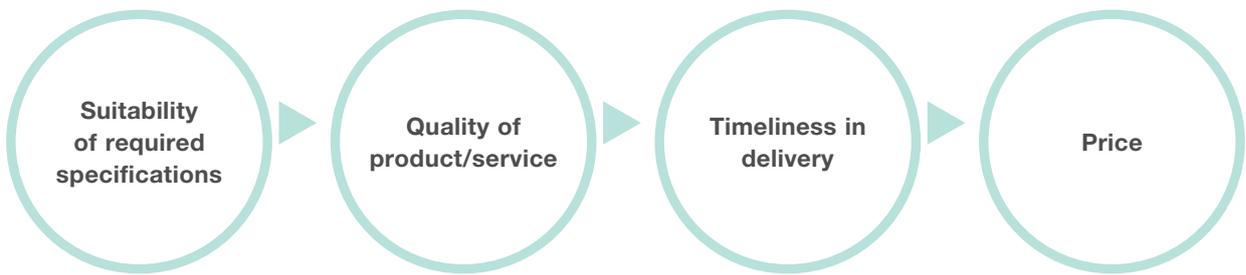
## SUSTAINABILITY REPORT

### Suppliers' Assessment

(GRI Reference: GRI: 414-1)

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 has the following plans to roll out in FY2023.

- (a) All new suppliers are required to sign a disclaimer form on no child labour and/or exploitation of workers in respect to Human Rights Commission of Malaysia Act 1999 and 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.

Target for FY2022	Performance for FY2022	Target for FY2023
<b>At least 80% procurement of goods and services locally.</b>	Exceeded 80% of procurement with local suppliers.	To maintain at a minimum of 80% for goods and services to be procured locally.
–	Maintained at least 80% annual evaluation rating for key suppliers.	To maintain at least 80% annual evaluation rating for key suppliers.



**“Working for Mutual Benefit Collaborating to create Trust”**

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX – CORE OPTION

GENERAL DISCLOSURE	GRI STANDARD	DISCLOSURE	REFERENCE
Organisational profile	102-1	Name of the organization	Fortress Minerals Limited
	102-2	Activities, brands, products, and services	Annual Report FY2022 (“ <b>AR</b> ”), 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 162: Statistics of Shareholdings
	102-8	Information on employees and other workers	AR: Sustainability Report (“ <b>SR</b> ”), Pages 35 – 40: Social: Human Capital
	102-9	Supply chain	AR: <i>SR</i> , Page 44: Procurement practices
	102-10	Significant changes to the organization and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	AR: <i>SR</i> , Page 20: Sustainability Philosophy
	102-12	External initiatives	AR: <i>SR</i> , Page 20: Stakeholders’ Engagement
	102-13	Membership of associations	Not applicable
Strategy	102-14	Statement from senior decision-maker	AR: <i>SR</i> , Page 20: Board Statement
	102-15	Key impacts, risks, and opportunities	AR: <i>SR</i> , Page 22: Materiality Assessment and Key Sustainability Matters
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	AR: <i>SR</i> , Page 20: Board Statement
	102-17	Mechanisms for advice and concerns about ethics	AR: <i>SR</i> , Page 20: Sustainability Philosophy Page 38: Inclusion and Gender diversity Page 43: Anti-corruption
Governance	102-18	Governance structure	AR: <i>SR</i> , Page 42: Governance Structure

## SUSTAINABILITY REPORT

GENERAL DISCLOSURE	GRI STANDARD	DISCLOSURE	REFERENCE
Stakeholder engagement	102-40	List of stakeholder group	AR: <i>SR</i> , Page 20: Stakeholders' Engagement
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	AR: <i>SR</i> , Page 20: Stakeholders' Engagement
	102-43	Approach to stakeholder engagement	AR: <i>SR</i> , Page 20: Stakeholders' Engagement
	102-44	Key topics and concerns raised	AR: <i>SR</i> , Page 20: Stakeholders' Engagement Page 22: Materiality Assessment and Key Sustainability Matters
Reporting practice	102-45	Entities included in the consolidated financial statements	AR, Page 12: Group Structure
	102-46	Defining report content and topic Boundaries	AR: <i>SR</i> , Page 22: Materiality Assessment and Key Sustainability Matters
	102-47	List of material topics	AR: <i>SR</i> , Page 22: 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 2021 to 28 February 2022
	102-51	Date of most recent report	FY 28.2.2021
	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: <i>SR</i> , Page 46 – 51: GRI CONTENT INDEX (this document)
	102-55	GRI content index	AR: <i>SR</i> , Page 46 – 51: 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
<b>Environmental</b>			
<b>Energy</b>  GRI 302: <i>Energy 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 27 – 28: Energy
	103-2	The management approach and its components	AR: <i>SR</i> , Page 27 – 28: Energy
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 27 – 28: Energy
	302-1	Energy consumption within the organization	AR: <i>SR</i> , Page 27 – 28: Energy
<b>Water Management</b>  GRI 303: <i>Water and Effluents 2018</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 29: Water Management
	103-2	The management approach and its components	AR: <i>SR</i> , Page 29: Water Management
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 29: Water Management
	303-1	Interactions with water as a shared resource	AR: <i>SR</i> , Page 29: Water Management
<b>Air and Noise</b>  GRI 305: <i>Emissions 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 29 – 30: Air Pollution Page 31: Noise Pollution
	103-2	The management approach and its components	AR: <i>SR</i> , Page 29 – 30: Air Pollution Page 31: Noise Pollution
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 29 – 30: Air Pollution Page 31: Noise Pollution
	305-1	Direct (Scope 1) GHG emissions	AR: <i>SR</i> , Page 28: Energy Page 29 – 30: Air Pollution Page 31: Noise Pollution
<b>Waste Management</b>  GRI 306: <i>Waste 2020</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 32: Waste Management
	103-2	The management approach and its components	AR: <i>SR</i> , Page 32: Waste Management
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 32: Waste Management
	306-2	Management of significant waste-related impacts	AR: <i>SR</i> , Page 32: Waste Management

## SUSTAINABILITY REPORT

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
<b>Environmental (cont'd)</b>			
<b>Compliance</b>  GRI 307: <i>Environmental Compliance 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 33: Compliance
	103-2	The management approach and its components	AR: <i>SR</i> , Page 33: Compliance
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 33: Compliance
	307-1	Non-compliance with environmental laws and regulations	AR: <i>SR</i> , Page 33: Compliance
<b>Social</b>			
<b>Occupational health and safety</b>  GRI 403: <i>Occupational Health and Safety 2018</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 35 – 36: Occupational health and safety
	103-2	The management approach and its components	AR: <i>SR</i> , Page 35 – 36: Occupational health and safety
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 35 – 36: Occupational health and safety
	403-1	Occupational health and safety management system	AR: <i>SR</i> , Page 35 – 36: Occupational health and safety
<b>Training and development</b>  GRI 404: <i>Training and Education 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 36 – 37: Training and development
	103-2	The management approach and its components	AR: <i>SR</i> , Page 36 – 37: Training and development
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 36 – 37: Training and development
	404-1	Average hours of training per year per employee	AR: <i>SR</i> , Page 36 – 37: Training and development
	404-2	Programs for upgrading employee skills and transition assistance programs	AR: <i>SR</i> , Page 36 – 37: Training and development
	404-3	Percentage of employees receiving regular performance and career development reviews	AR: <i>SR</i> , Page 36 – 37: Training and development

# SUSTAINABILITY REPORT

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
<b>Social (cont'd)</b>			
<b>Local community</b>  GRI 413: <i>Local Communities 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 37 – 38: Local community
	103-2	The management approach and its components	AR: <i>SR</i> , Page 37 – 38: Local community
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 37 – 38: Local community
	413-1	Operations with local community engagement, impact assessments, and development programs	AR: <i>SR</i> , Page 37 – 38: Local community
<b>Inclusion and Gender diversity</b>  GRI 405: <i>Diversity and Equal Opportunity 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 38 – 40: Inclusion and Gender diversity
	103-2	The management approach and its components	AR: <i>SR</i> , Page 38 – 40: Inclusion and Gender diversity
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 38 – 40: Inclusion and Gender diversity
	405-1	Diversity of governance bodies and employees	AR: <i>SR</i> , Page 38 – 40: Inclusion and Gender diversity
<b>Governance</b>			
<b>Anti-corruption</b>  GRI 205: <i>Anti-corruption 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 43: Anti-corruption
	103-2	The management approach and its components	AR: <i>SR</i> , Page 43: Anti-corruption
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 43: Anti-corruption
	205-2	Communication and training about anti-corruption policies and procedures	AR: <i>SR</i> , Page 43: Anti-corruption
	205-3	Confirmed incidents of corruption and actions taken	AR: <i>SR</i> , Page 43: Anti-corruption, Whistle-blowing policy

## SUSTAINABILITY REPORT

MATERIAL TOPICS	GRI STANDARD	DISCLOSURE	REFERENCE
<b>Governance (cont'd)</b>			
<b>Financial Performance</b>  GRI 201: <i>Economic Performance 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 44: Financial Performance
	103-2	The management approach and its components	AR: <i>SR</i> , Page 44: Financial Performance
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 44: Financial Performance
	201-1	Direct economic value generated and distributed	AR: <i>SR</i> , Page 44: Financial Performance
<b>Procurement practices</b>  GRI 204: <i>Procurement Practices 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 44: Procurement practices
	103-2	The management approach and its components	AR: <i>SR</i> , Page 44: Procurement practices
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 44: Procurement practices
	204-1	Proportion of spending on local suppliers	AR: <i>SR</i> , Page 44: Procurement practices
<b>Suppliers' Assessment</b>  GRI 414: <i>Supplier Social Assessment 2016</i>	103-1	Explanation of the material topic and its Boundary	AR: <i>SR</i> , Page 45: Suppliers' Assessment
	103-2	The management approach and its components	AR: <i>SR</i> , Page 45: Suppliers' Assessment
	103-3	Evaluation of the management approach	AR: <i>SR</i> , Page 45: Suppliers' Assessment
	414-1	New suppliers that were screened using social criteria	AR: <i>SR</i> , Page 45: 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 2022 (“**FY2022**”) 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?  If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and provisions as set out in Code 2018 and the Guide, where applicable.  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 FY2022.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>BOARD MATTERS</b>		
<b>The Board's Conduct of Affairs</b>		
<i>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</i>		
1.1	<b>Directors' duties and responsibilities</b>	<p>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.</p> <p>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 "<b>Management</b>") 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.</p> <p>During FY2022, 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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																														
		<p>As at the date of this Report, the Board comprises of eight (8) members as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Table 1.1 – Composition of the Board</i></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Chew Wai Chuen</td> <td>Chairman and Independent Director</td> <td>19 February 2019</td> </tr> <tr> <td>Chee Yew Fei ("Dato' Sri Ivan Chee")</td> <td>Executive Director and Chief Executive Officer ("CEO")</td> <td>13 November 2017</td> </tr> <tr> <td>Ng Mun Fey</td> <td>Executive Director and Chief Operating Officer ("COO")</td> <td>19 February 2019</td> </tr> <tr> <td>Goh Kah Im</td> <td>Independent Director</td> <td>19 February 2019</td> </tr> <tr> <td>Anita Chew Cheng Im ("Anita Chew")</td> <td>Independent Director</td> <td>19 February 2019</td> </tr> <tr> <td>Teh Lip Kim</td> <td>Non-Executive and Non-Independent Director</td> <td>19 February 2019</td> </tr> <tr> <td>Loong Ching Hong</td> <td>Non-Executive and Non-Independent Director</td> <td>19 February 2019</td> </tr> <tr> <td>Willa Chee Keng Fong ("Willa Chee")</td> <td>Non-Executive and Non-Independent Director</td> <td>19 February 2019</td> </tr> </tbody> </table>	<i>Table 1.1 – Composition of the Board</i>			Name of Director	Designation	Date of Appointment	Chew Wai Chuen	Chairman and Independent Director	19 February 2019	Chee Yew Fei ("Dato' Sri Ivan Chee")	Executive Director and Chief Executive Officer ("CEO")	13 November 2017	Ng Mun Fey	Executive Director and Chief Operating Officer ("COO")	19 February 2019	Goh Kah Im	Independent Director	19 February 2019	Anita Chew Cheng Im ("Anita Chew")	Independent Director	19 February 2019	Teh Lip Kim	Non-Executive and Non-Independent Director	19 February 2019	Loong Ching Hong	Non-Executive and Non-Independent Director	19 February 2019	Willa Chee Keng Fong ("Willa Chee")	Non-Executive and Non-Independent Director	19 February 2019
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1.2	<b>Induction, Training and Development</b>	<p>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.</p> <p>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.</p>																														

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation								
		<p>There was no new Director appointed during FY2022.</p> <p>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 ("<b>ACRA</b>") which are relevant to the Directors are circulated to the Board. At the Board meetings of the Company, the external auditors ("<b>EA</b>") had briefed the AC and the Board on changes and amendments to the accounting standards.</p> <p>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 familiarizes the Directors on the business activities of the Company during Board and Board Committees' meetings.</p> <p>The external training attended by certain directors during FY2022 are as follows:</p> <table border="1" data-bbox="667 1339 1430 2007"> <thead> <tr> <th data-bbox="667 1339 890 1384">Name of directors</th> <th data-bbox="896 1339 1430 1384">Training attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 1393 890 1751">Goh Kah Im</td> <td data-bbox="896 1393 1430 1751">           1) Machine Learning in Accounts Payable Automation            2) Conduct of Directors and Common Breaches of Listing Requirements            3) SGX TCFD 101 training webinar: Task Force on Climate-Related Financial Disclosures            4) SGX TCFD 102 training webinar: Task Force on Climate-Related Financial Disclosures            5) Malaysian Code of Corporate Governance ("MCCG") Revision 2021: Key Impact and How You Can Transform For The Better         </td> </tr> <tr> <td data-bbox="667 1760 890 1863">Loong Ching Hong</td> <td data-bbox="896 1760 1430 1863">           1) Post budget 2022            2) Budget 2022: Key Updates and Changes for Corporate Accountants         </td> </tr> <tr> <td data-bbox="667 1872 890 2007">Anita Chew</td> <td data-bbox="896 1872 1430 2007">           1) Audit Oversight Board Malaysia conversations with Audit Committees            2) Updates on the Malaysian code on corporate governance 2021         </td> </tr> </tbody> </table>	Name of directors	Training attended	Goh Kah Im	1) Machine Learning in Accounts Payable Automation 2) Conduct of Directors and Common Breaches of Listing Requirements 3) SGX TCFD 101 training webinar: Task Force on Climate-Related Financial Disclosures 4) SGX TCFD 102 training webinar: Task Force on Climate-Related Financial Disclosures 5) Malaysian Code of Corporate Governance ("MCCG") Revision 2021: Key Impact and How You Can Transform For The Better	Loong Ching Hong	1) Post budget 2022 2) Budget 2022: Key Updates and Changes for Corporate Accountants	Anita Chew	1) Audit Oversight Board Malaysia conversations with Audit Committees 2) Updates on the Malaysian code on corporate governance 2021
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.3	<b>Matters reserved for the Board</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• release of the quarterly and full year results announcements;</li> <li>• annual report and financial statements;</li> <li>• annual budgets and financial plans of the Company;</li> <li>• business, strategy and capital expenditure budgets;</li> <li>• convening of shareholders' meetings, circulars to shareholders and related announcements to be submitted to the SGX-ST;</li> <li>• overall corporate strategy and changes to the corporate structure;</li> <li>• acquisitions, investments and disposals of assets exceeding a certain threshold;</li> <li>• share issuances;</li> <li>• recommendation/declaration of dividends;</li> <li>• appointment of Directors and key executives, Company Secretary of the Company and terms of reference for the Board Committees;</li> <li>• review of Directors and key executives' performance and remuneration packages;</li> <li>• interested person transactions;</li> <li>• material regulatory matters or litigation; and</li> <li>• compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.</li> </ul>
1.4/Rule 406(3)(e) of the Catalist Rules	<b>Board Committees</b>	<p>To assist in the execution of its responsibilities, the Board is supported by three board committees, namely the Audit Committee ("<b>AC</b>"), Nominating Committee ("<b>NC</b>") and the Remuneration Committee ("<b>RC</b>") (collectively "<b>Board Committees</b>"). 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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
1.4/Rule 406(3)(e) of the SGX-ST	<b>Board Committees</b>	<p>The compositions of the Board Committees as at the date of this Report are as follows:</p> <table border="1"> <thead> <tr> <th colspan="4"><b>Table 1.4 – Composition of the Board Committees</b></th> </tr> <tr> <th></th> <th><b>AC<sup>(1)</sup></b></th> <th><b>NC<sup>(2)</sup></b></th> <th><b>RC<sup>(3)</sup></b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Goh Kah Im</td> <td>Anita Chew</td> <td>Chew Wai Chuen</td> </tr> <tr> <td>Member</td> <td>Chew Wai Chuen</td> <td>Chew Wai Chuen</td> <td>Anita Chew</td> </tr> <tr> <td>Member</td> <td>Anita Chew</td> <td>Dato' Sri Ivan Chee</td> <td>Loong Ching Hong</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The AC comprised three (3) members, all of whom (including the Chairman) are independent.</p> <p>(2) The NC comprised three (3) members, the majority of whom (including the Chairman) are independent.</p> <p>(3) The RC comprised three (3) members, all non-executive and the majority of whom (including the Chairman) are independent.</p>	<b>Table 1.4 – Composition of the Board Committees</b>					<b>AC<sup>(1)</sup></b>	<b>NC<sup>(2)</sup></b>	<b>RC<sup>(3)</sup></b>	Chairman	Goh Kah Im	Anita Chew	Chew Wai Chuen	Member	Chew Wai Chuen	Chew Wai Chuen	Anita Chew	Member	Anita Chew	Dato' Sri Ivan Chee	Loong Ching Hong
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1.5	<b>Board and Board Committees meeting</b>	<p>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.</p>																				

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																											
		<p>During FY 2022, the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings are set out below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Number of meetings held</th> <th rowspan="2">Board</th> <th colspan="3">Board Committees</th> <th rowspan="2">Annual General Meeting</th> </tr> <tr> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td></td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> <td>1</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="6"><b>Directors in service as at 28 February 2022</b></td> </tr> <tr> <td>Chew Wai Chuen</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> <td>√</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>4</td> <td>4*</td> <td>1</td> <td>2*</td> <td>√</td> </tr> <tr> <td>Ng Mun Fey</td> <td>4</td> <td>4*</td> <td>–</td> <td>–</td> <td>√</td> </tr> <tr> <td>Goh Kah Im</td> <td>4</td> <td>4</td> <td>–</td> <td>–</td> <td>√</td> </tr> <tr> <td>Anita Chew</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> <td>√</td> </tr> <tr> <td>Teh Lip Kim</td> <td>4</td> <td>–</td> <td>–</td> <td>–</td> <td>√</td> </tr> <tr> <td>Loong Ching Hong</td> <td>4</td> <td>–</td> <td>–</td> <td>2</td> <td>√</td> </tr> <tr> <td>Willa Chee</td> <td>4</td> <td>–</td> <td>–</td> <td>–</td> <td>√</td> </tr> </tbody> </table> <p>* By invitation</p>	Number of meetings held	Board	Board Committees			Annual General Meeting	AC	NC	RC		4	4	1	2	1							<b>Directors in service as at 28 February 2022</b>						Chew Wai Chuen	4	4	1	2	√	Dato' Sri Ivan Chee	4	4*	1	2*	√	Ng Mun Fey	4	4*	–	–	√	Goh Kah Im	4	4	–	–	√	Anita Chew	4	4	1	2	√	Teh Lip Kim	4	–	–	–	√	Loong Ching Hong	4	–	–	2	√	Willa Chee	4	–	–	–	√
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	<b>Multiple board representation</b>	Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.																																																																											
1.6	<b>Board information</b>	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.																																																																											

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.7	<b>Board's access</b>	<p>The Board has separate and independent access to the Senior Management team, external advisers (where necessary) and the Company Secretary at all times.</p> <p>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.</p> <p>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.</p>
<p><b>Board Composition and Guidance</b>  <b>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</b></p>		
2.1 Rule 1204(10B) of the Catalist Rules	<b>Board composition – independence and diversity</b>	<p>As at the date of this report, the Company is in compliance with Provision 2 of Code 2018.</p> <p>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.</p> <p>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</p> <p>The Chairman of the Board (the "<b>Chairman</b>") is an Independent Director and not part of the Management team. The Chairman and the CEO are also not immediate family members.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>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.</p> <p>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.</p> <p>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.</p> <p>The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>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.</p> <p>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.</p>
2.2	<b>Independent Directors</b>	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	<b>Non-Executive Directors</b>	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	<b>Board size and diversity</b>	<p>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.</p> <p>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.</p> <p>The current Board comprises of three (3) female Directors and five (5) male Directors with an age group ranging from 29 to 56 years old. 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.</p> <p>The Board's policy in identifying directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group, regardless of gender.</p> <p>The Board takes the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p> <p>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.</p>
2.5	<b>Regular meetings for Independent and Non-Executive Directors</b>	<p>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.</p> <p>During the FY2022, the Independent Directors met at least once in the absence of key management personnel.</p> <p>Independent Directors fulfill 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.</p>
<p><b>Chairman and Chief Executive Officer</b>  <b>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</b></p>		
3.1 3.2 3.3	<b>The Chairman and CEO are separate persons</b>	<p>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.</p> <p>Mr Chew Wai Chuen and Dato' Sri Ivan Chee are not related to each other and do not have any business relationship between them.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) ensuring that all agenda items are adequately and openly debated at the Board meetings;</li> <li>(c) ensuring that all Directors receive complete, adequate and timely information; and</li> <li>(d) assisting in ensuring that the Group complies with the Code of Corporate Governance and maintains high standards of corporate governance.</li> </ul> <p>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.</p> <p>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.</p>
<p><b>Board Membership</b>  <b>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</b></p>		
4.1	<p><b>Nominating Committee role</b></p>	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) to review the structure, size and composition of the Board and the Board committees;</li> <li>(b) to review the succession plans for the Chairman of the Board, the CEO, COO and key management personnel of the Company;</li> <li>(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;</li> <li>(d) to review the training and professional development programmes for the Board;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(f) to review and assess the independence of each Director; and</p> <p>(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.</p>
4.2	<b>Nominating Committee composition</b>	<p>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.</p> <p>The composition of the NC is as follows:  Ms Anita Chew – Chairman  Mr Chew Wai Chuen – Member  Dato' Sri Ivan Chee – Member</p>
4.3 4.4 Rule 720(4) of the Catalist Rules	<b>Director appointment and re-appointment</b>	<p>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.</p> <p>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.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Accordingly, the NC has recommended to the Board that Dato' Sri Ivan Chee, Ms. Teh Lip Kim and Mr. Chew Wai Chuen ("<b>Retiring Directors</b>") 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.</p> <p>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 94 of this Annual Report.</p> <p>Dato' Sri Ivan Chee will, upon re-election as a Director, remain as the Executive Director and a member of the NC.</p> <p>Ms Teh Lip Kim will, upon re-election as a Director, remain as the Non-Executive Director.</p> <p>Mr Chew Wai Chuen will, upon re-election as a Director, remain as the Independent Director, Chairman of the Board, Chairman of the RC and a member of the AC and NC. The Board, with the concurrence of the NC, has also considered Mr Chew Wai Chuen to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Dato' Sri Ivan Chee and Mr. Chew Wai Chuen, each being a member of the NC, have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own contributions and/or re-election as a Director.</p>
4.5	<b>Multiple Directorships</b>	<p>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.</p> <p>In FY2022, only one (1) of the Directors hold more than two (2) but not more than five (5) directorships in other listed companies.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>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.</p> <p>During FY2022, 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.</p> <p>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.</p> <p>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.</p>
	<b>Alternate Directors</b>	The Company does not have any alternate Directors.
<b>Board Performance</b> <b>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</b>		
5.1	<b>Performance criteria and process for evaluation of the effectiveness of the Board</b>	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	<b>Disclosure of assessment of the Board, Board Committees and each Director</b>	<p>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.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>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.</p> <p>The NC has reviewed the overall performance of the Board, Board Committees and individual Director for FY2022 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 FY2022.</p> <p>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.</p>
<p><b>REMUNERATION MATTERS</b>  <b>Procedures for developing remuneration policies</b>  <b><i>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</i></b></p>		
		<p>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 FY2022 as the NC has a sufficient level of objectivity in its evaluation process.</p>
6.1	<p><b>Remuneration Committee role</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>(a) reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel;</li> <li>(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;</li> </ul>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(d) implement and administer any share incentive scheme(s) adopted by the Company in accordance with the rules of such scheme; and</p> <p>(e) review and approve the granting of share options and/or performance shares to Directors and employees.</p>
6.2	<b>Remuneration Committee composition</b>	<p>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.</p> <p>The Chairman of the RC is Mr Chew Wai Chuen, who is an Independent Director.</p> <p>The composition of the RC is as follows:            Mr Chew Wai Chuen – Chairman            Ms Anita Chew – Member            Mr Loong Ching Hong – Member</p>
6.3	<b>Termination clauses</b>	<p>The RC reviews and considers all aspects of remuneration including termination terms, to ensure they are fair and not overly generous.</p> <p>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 FY2022.</p>
6.4	<b>Remuneration experts</b>	<p>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. With the recommendation of the RC, the Company has engaged an independent remuneration consultant firm, HR Guru Pte. Ltd. ("<b>HR Guru</b>") to perform a compensation benchmarking analysis for the CEO, COO and FC in FY2022. HR Guru does not have any relationships with the Company that may affect its independence and objectivity.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Level and Mix of Remuneration</b>  <i>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</i></p>		
<p>7.1 7.3</p>	<p><b>Remuneration framework</b></p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Long-term incentives</b>	<p>The Company has also adopted the Fortress Employee Share Option Scheme ("<b>ESOS</b>"). 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.</p> <p>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.</p> <p>No share options have been granted pursuant to the ESOS since its adoption and as at the date of issuance of this Annual Report.</p>
7.2	<b>Non-Executive Director remuneration</b>	<p>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.</p>
	<b>Contractual provisions to reclaim incentives</b>	<p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Disclosure on Remuneration</b>  <b>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</b></p>		
8.1	<p><b>Company's remuneration policy and criteria for setting remuneration</b></p>	<p>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.</p> <p>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.</p> <p>Though the ESOS is in place, the Company had not granted share options to any employees and Directors under the ESOS since its adoption.</p> <p>The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.</p> <p>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.</p> <p>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.</p> <p>The Board has recommended the aggregate Directors' fees of S\$592,000 for FY2023 which will be tabled for approval by Shareholders at the forthcoming AGM.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																														
8.1(a) and 8.3	<b>A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration</b>	<p>A breakdown, showing the level and mix of each individual Director's remuneration for FY2022 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><i>Table 8.1 (a) – Remuneration of Directors</i></th> </tr> <tr> <th>Name</th> <th>Base/Fixed Salary and statutory contributions (%)</th> <th>Bonus/variable performance bonus (%)</th> <th>Directors Fees (%)</th> <th>Benefits in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Remuneration Band S\$4,000,001 to S\$4,250,000</b></td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>31</td> <td>67</td> <td>2</td> <td>–</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Remuneration Band S\$250,001 to S\$500,000</b></td> </tr> <tr> <td>Ng Mun Fey</td> <td>52</td> <td>29</td> <td>17</td> <td>2</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Remuneration Band below S\$250,000</b></td> </tr> <tr> <td>Chew Wai Chuen</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Goh Kah Im</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Anita Chew</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Teh Lip Kim</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Loong Ching Hong</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Willa Chee</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p>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.</p> <p>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.</p>	<i>Table 8.1 (a) – Remuneration of Directors</i>						Name	Base/Fixed Salary and statutory contributions (%)	Bonus/variable performance bonus (%)	Directors Fees (%)	Benefits in-kind (%)	Total (%)	<b>Remuneration Band S\$4,000,001 to S\$4,250,000</b>						Dato' Sri Ivan Chee	31	67	2	–	100	<b>Remuneration Band S\$250,001 to S\$500,000</b>						Ng Mun Fey	52	29	17	2	100	<b>Remuneration Band below S\$250,000</b>						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
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8.1(b) and 8.3	<b>Remuneration of top 5 key management personnel (who are not directors or CEO)</b>	<p>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 FY2022 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><i>Table 8.1(b) – Remuneration of Key Management Personnel</i></th> </tr> <tr> <th>Name</th> <th>Base/Fixed Salary and Statutory Contributions (%)</th> <th>Variable or Performance Related Income/ Bonuses (%)</th> <th>Benefits In-Kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Remuneration Band below S\$250,000</b></td> </tr> <tr> <td>Fionne Chua</td> <td>82</td> <td>18</td> <td>–</td> <td>100</td> </tr> </tbody> </table>	<i>Table 8.1(b) – Remuneration of Key Management Personnel</i>					Name	Base/Fixed Salary and Statutory Contributions (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits In-Kind (%)	Total (%)	<b>Remuneration Band below S\$250,000</b>					Fionne Chua	82	18	–	100																																																										
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# CORPORATE GOVERNANCE REPORT

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		<p>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.</p> <p>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 FY2022 will not be disclosed.</p> <p>There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2022.</p>												
8.2	<b>Remuneration of employees who are substantial shareholders, immediate family members of Director, CEO or substantial shareholder</b>	<p>Non-Executive and Non-Independent Director, Ms Willa Chee is the daughter of our Executive Director and CEO, Dato' Sri Ivan Chee. Mr Tan Seng Kim and Mr Yeow Boon Ban, both of whom are Directors of Fortress Mining Sdn Bhd, the wholly owned subsidiary of the Company, are the brothers-in-law of our Executive Director and CEO, Dato' Sri Ivan Chee. Ms. Chee Sook Ping, Director of Fortress Resources Pte Ltd, the wholly owned subsidiary of the Company, is the sister of our Executive Director and CEO, Dato Sri Ivan Chee.</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 8.2 – Remuneration of Related Employees</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Relationship</b></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Remuneration Band below S\$100,000</b></td> </tr> <tr> <td>Yeow Boon Ban</td> <td>Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO</td> </tr> <tr> <td>Tan Seng Kim</td> <td>Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO</td> </tr> <tr> <td>Chee Sook Ping</td> <td>Sister of Dato' Sri Ivan Chee, the Executive Director and CEO</td> </tr> </tbody> </table> <p>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 FY2022.</p>	<b>Table 8.2 – Remuneration of Related Employees</b>		<b>Name</b>	<b>Relationship</b>	<b>Remuneration Band below S\$100,000</b>		Yeow Boon Ban	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO	Tan Seng Kim	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO	Chee Sook Ping	Sister of Dato' Sri Ivan Chee, the Executive Director and CEO
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8.3	<b>Other payments and benefits and details of the employee share scheme(s)</b>	<p>Save as disclosed and the remuneration paid to Mr Tan Seng Kim, Mr Yeow Boon Ban and Ms Chee Sook Ping 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 FY2022.</p> <p>Information on the Fortress Employee Share Option Scheme (“<b>ESOS</b>”) are set out on page 70 of this Annual Report and further information can be found in the Company's Offer Document dated 19 March 2019.</p>												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b> <b>Risk Management and Internal Controls</b> <i>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.</i>		
9.1	<b>Risk governance</b>	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.
	<b>Annual review</b>	<p>The Board with the support of the AC, oversees the design, implementation and monitoring of the Risk Management and internal control systems.</p> <p>The Group has engaged PKF Risk Management Sdn Bhd ("<b>PKF</b>") 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.</p> <p>The Management, the internal auditor Baker Tilly Monterio Heng Governance Sdn Bhd ("<b>Baker Tilly</b>"), and the external auditor, BDO LLP ("<b>BDO</b>") 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.</p>
9.2(a) 9.2(b)	<b>CEO and FC assurance</b>	<p>For FY2022, the Board has also received assurance from the CEO and the Financial Controller (FC):</p> <p>(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</p> <p>(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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Board conclusion</b>	<p>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 FY2022 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.</p> <p>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.</p> <p>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 FY2022.</p>
<b>Audit Committee</b> <b>Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively</b>		
10.1	<b>Duties of the AC</b>	<p>In performing its functions in accordance with a set of terms of reference, the AC's principal responsibilities include, amongst others the followings:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) to review the adequacy and effectiveness of the Company's internal controls and risk management systems;</li> <li>(c) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;</li> <li>(d) to make recommendations to the Board of Directors regarding the appointment, removal, remuneration and terms of engagement of the external auditors;</li> <li>(e) to establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(f) to monitor the Company's compliance with legal, regulatory and company policies;</p> <p>(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;</p> <p>(h) to review the assurance from the CEO and the FC on the financial records and financial statements; and</p> <p>(i) to undertake generally such other functions and duties as may be required by law or the Catalist Rules.</p> <p>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.</p>
10.2 10.3	<b>AC composition</b>	<p>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.</p> <p>The composition of the AC is as follows:</p> <p>Mr Goh Kah Im – Chairman Mr Chew Wai Chuen – Member Ms Anita Chew – Member</p> <p>The AC Chairman, Mr Goh Kah Im and AC member, Mr Chew Wai Chuen have relevant accounting and related financial management background and experience.</p> <p>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 FY2022 is S\$125,000 (79%). The non-audit fees paid/payable to the external auditors for FY2022 is S\$26,384 (21%).</p> <p>The AC has reviewed the non-audit services provided by the external auditors for FY2022 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.4	<b>Internal Audit function</b>	<p>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.</p> <p>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.</p> <p>For FY2022, 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.</p> <p>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 FY2022, 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.</p>
10.5	<b>Independent Session with the EA &amp; IA</b>	<p>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 FY2022, the AC has met with the IA and EA once without the presence of the Management.</p>
Rule 712, 715	<b>Auditors</b>	<p>The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of external auditors.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<p><b>Whistleblowing</b></p>	<p>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 Catalyst Rule 1204(18B) as elaborated below.</p> <p>(a) The Company has procedures for raising such concerns to the AC Chairman at <a href="mailto:whistleblow@fortress.sg">whistleblow@fortress.sg</a>, and has an independent function comprising the AC Chairman and AC members to investigate whistleblowing reports made in good faith;</p> <p>(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;</p> <p>(c) The Company has arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action;</p> <p>(d) The Company has confidentiality clauses that protect identification of the whistleblower and ensures that the identity of the whistleblower is kept confidential; and</p> <p>(e) The Company is committed to ensuring the protection of the whistleblower against any detrimental and unfair treatment.</p> <p>For FY2022, there were no complaints, concerns or issues received by the AC.</p>
	<p><b>Summary of Audit and Risk Management Committee activities</b></p>	<p>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.</p> <p>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.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b> <b>Shareholder Rights and Conduct of General Meetings</b> <i>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.</i>		
11.1	<b>Shareholder rights</b>	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	<b>Resolutions</b>	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	<b>Attendance at general meetings</b>	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 23 June 2021 is disclosed under Table 1.5 of this report.
11.4	<b>Voting procedures</b>	<p>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.</p> <p>Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.5	<b>Minutes of general meetings</b>	<p>Minutes of general meetings recording 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 does not deem it necessary for the minutes to be published on its website and shareholders who are interested to receive a copy of these minutes can make a request and such minutes will be made available to interested shareholders as soon as practicable upon receipt of their requests.</p> <p>Pursuant to the COVID-19 (Temporary measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trust, Unit Trusts and Debenture Holders) Order 2020, the SGX-ST's "Regulator's Column: What SGX RegCo expects on the conduct of general meetings amid the ongoing COVID-19 situation" dated 16 December 2021, and the SGX-ST's updated "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation" dated 4 February 2022, the forthcoming AGM will be held by electronic means and members of the Company will not be allowed to attend the forthcoming AGM in person.</p> <p>The Company will publish the minutes of the AGM to be held on 22 June 2022 on SGXNET and the Company's website at URL <a href="https://www.fortress.sg">https://www.fortress.sg</a> within one month after the AGM.</p>
11.6	<b>Dividend Policy</b>	<p>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 ("<b>Dividend Factors</b>"). 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.</p> <p>The Board is pleased to recommend a final one-tier tax exempt dividend of 0.80 Singapore cents per share for FY2022 ("<b>Final Dividend</b>") which represents a payout ratio of 21.2% against the Group's net profit after tax for FY2022. The Final Dividend amounting to S\$4.0 million is subject to shareholders' approval at the forthcoming AGM to be held on 22 June 2022.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Engagement with Shareholders</b>  <b>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</b></p>		
12.1	<p><b>Communication</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) Quarterly announcements containing a summary of the financial information and affairs of the Group for the corresponding period;</li> <li>(c) Press releases on major developments of the Group; and</li> <li>(d) Analysts briefings and roadshow.</li> </ul> <p>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.</p> <p>As the AGM for the FY2022 will be convened via electronic means, the Annual Report, notice of AGM and proxy form ("<b>AGM documents</b>") 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 <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>. Printed copies of the AGM documents will not be sent to shareholders.</p> <p>The shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group on the Company's website at <a href="https://www.fortress.sg/">https://www.fortress.sg/</a></p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Conduct of Shareholder meeting</b>	<p>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.</p> <p>For the forthcoming AGM and extraordinary general meeting to be convened in relation to the proposed adoption of the share buyback mandate ("<b>EGM</b>"), shareholders will not be able to ask questions during the live webcast, and therefore it is important for shareholders who wish to ask questions to submit their questions in advance. A shareholder of the Company may submit questions relating to resolutions to be tabled for approval at the AGM or the Company's business and operations by no later than 11.00 a.m. on 14 June 2022. 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 11.00 a.m. on 17 June 2022.</p> <p>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.</p>
12.2	<b>Investor Relations Policy</b>	<p>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 3 interview sessions with research analysts during FY2022.</p> <p>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.</p>
12.3	<b>Investor engagement</b>	<p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>MANAGING STAKEHOLDERS RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
<b><i>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</i></b>		
13.1, 13.2 and 13.3	–	<p>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.</p> <p>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 2022, details of which is set out in pages 19 to 51 of this annual report.</p> <p>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 Catalyst 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.</p> <p>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.</p> <p>The Company's Executive Directors and FC are responsible for the Company's communication with shareholders.</p> <p>The Company maintains a corporate website where shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group at <a href="https://www.fortress.sg/">https://www.fortress.sg/</a>.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
712, 715, or 716	<b>Appointment of Auditors</b>	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	<b>Material Contracts</b>	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 FY2022 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	<b>Confirmation of adequacy of internal controls</b>	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 FY2022 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.
1204(17)	<b>Interested Persons Transaction ("IPT")</b>	<p>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.</p> <p>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 FY2022.</p> <p>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.</p> <p>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.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																							
1204(19)	<b>Dealing in Securities</b>	<p>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.</p> <p>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.</p>																							
	<b>Use of Proceeds</b>	<p>On 27 March 2019, our Company received S\$12.5 million (net of IPO expenses of S\$2.5 million) as IPO net proceeds.</p> <p>As at the date of this report, the status on the use of the IPO net proceeds is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use of proceeds</th> <th>Amount allocated</th> <th>Amount utilised</th> <th>Balance</th> </tr> <tr> <th>S\$'000</th> <th>S\$'000</th> <th>S\$'000</th> </tr> </thead> <tbody> <tr> <td>Further development of our Bukit Besi mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities.</td> <td>7,000</td> <td>(7,000)<sup>(1)</sup></td> <td>–</td> </tr> <tr> <td>Acquisition, joint venture and/or development of new mines</td> <td>2,000</td> <td>(2,000)<sup>(2)</sup></td> <td>–</td> </tr> <tr> <td>General working capital purposes</td> <td>3,500</td> <td>(3,500)<sup>(3)</sup></td> <td>–</td> </tr> <tr> <td><b>Total</b></td> <td><b>12,500</b></td> <td><b>(12,500)</b></td> <td><b>–</b></td> </tr> </tbody> </table> <p><sup>(1)</sup> Utilised for payment of exploration and geology work and expansion of iron ore processing capabilities.</p> <p><sup>(2)</sup> Utilised for the acquisition of the entire issued and paid-up share capital of the FMSB Group.</p> <p><sup>(3)</sup> Utilised for payment of operating expenses, employee benefit expenses and taxes.</p>	Use of proceeds	Amount allocated	Amount utilised	Balance	S\$'000	S\$'000	S\$'000	Further development of our Bukit Besi mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities.	7,000	(7,000) <sup>(1)</sup>	–	Acquisition, joint venture and/or development of new mines	2,000	(2,000) <sup>(2)</sup>	–	General working capital purposes	3,500	(3,500) <sup>(3)</sup>	–	<b>Total</b>	<b>12,500</b>	<b>(12,500)</b>	<b>–</b>
Use of proceeds	Amount allocated	Amount utilised		Balance																					
	S\$'000	S\$'000	S\$'000																						
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General working capital purposes	3,500	(3,500) <sup>(3)</sup>	–																						
<b>Total</b>	<b>12,500</b>	<b>(12,500)</b>	<b>–</b>																						

## CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		The above utilisation of the IPO proceeds is in accordance with the intended use as stated in the Company's Offer Document dated 19 March 2019 in relation to the IPO of the Company on Catalist board of the Singapore Stock Exchange Securities Trading Limited.
711A	<b>Sustainability Report</b>	The Group has issued its sustainability report for the financial year ended 28 February 2022 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 19 to 51 of this annual report.
1204(21)	<b>Non-sponsor fees</b>	There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2022.

## 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	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
Date of Initial Appointment	13 November 2017	19 February 2019	19 February 2019
Date of last re- appointment (if applicable)	26 June 2019	26 June 2019	24 June 2020
Age	56	54	46
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Dato' Sri Ivan Chee Yew Fei (" <b>Dato' Sri Ivan Chee</b> ") as the Executive Director and Chief Executive Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato' Sri Ivan Chee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Teh Lip Kim (" <b>Ms Teh</b> ") as a 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 Teh's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Chew Wai Chuen (" <b>Mr Chew</b> ") as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chew'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. Dato' Sri Ivan Chee is responsible for the overall management and operations of the Group, including formulating, implementing and monitoring the Group's strategic directions, growth plans, financial and risk management.	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Chief Executive Officer, and a member of the Nominating Committee.	Non-Executive and Non-Independent Director.	Chairman of the Board, Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.
Professional qualifications	Ontario Secondary School Diploma	<ul style="list-style-type: none"> <li>Bachelor of Science (Honours) in Accounting and Economics</li> <li>Master in Shipping, Trade and Finance</li> </ul>	<ul style="list-style-type: none"> <li>Postgraduate Diploma in Marketing</li> <li>Bachelor's Degree in Business Administration</li> </ul>

## KEY INFORMATION

Name of Director	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
Working experience and occupations during the past 10 years	2011 to Present – Chief Executive Officer, Fortress Minerals Limited and its subsidiaries	1998 to Present – Managing Director, Selangor Dredging Berhad	2011 to Present – Managing Partner, Precious Capital Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	<p>Dato' Sri Ivan Chee holds a direct interest in 530 ordinary shares in the Company.</p> <p>Dato' Sri Ivan Chee is deemed interested in 215,655,720 ordinary shares and 35,593,750 ordinary shares in the Company held through Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. as he holds 100% and 70% (directly and indirectly) of the issued share capital of Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. respectively.</p>	<p>Ms Teh holds a direct interest in 1,679,300 ordinary shares in the Company.</p> <p>Ms Teh is deemed interested in 154,937,500 ordinary shares, 7,328,125 ordinary shares and 4,200,000 ordinary shares in the Company held through SDB Mining Sdn. Bhd., Smith St Investment Pte. Ltd. and Teh Wang Sang &amp; Sons Sdn. Bhd. respectively.</p>	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	<p>Dato' Sri Ivan Chee is the father of Ms. Willa Chee Keng Fong.</p> <p>Dato' Sri Ivan Chee holds 100% and 70% (directly and indirectly) of the issued share capital of Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. respectively, which are substantial shareholders of the Company.</p> <p>Dato' Sri Ivan Chee is the director of Y F Chee Holdings Pte. Ltd. And Greger International Sdn. Bhd. respectively.</p>	<p>Ms Teh is the Managing Director of Selangor Dredging Berhad, a substantial shareholder of the Company. 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.</p> <p>Ms Teh holds approximately 60.35% (directly and indirectly) of the shares of Selangor Dredging Berhad.</p>	Nil
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

## KEY INFORMATION

Name of Director	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
<p>Present Principal Commitments* including directorships</p> <p>**"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.</p>	<ol style="list-style-type: none"> <li>1. Cermat Aman Sdn. Bhd.</li> <li>2. Fortress Dredging Sdn. Bhd.</li> <li>3. Fortress Drilltech Sdn. Bhd.</li> <li>4. Fortress FE Sdn. Bhd.</li> <li>5. Fortress Industries Sdn. Bhd.</li> <li>6. Fortress Logistics Sdn. Bhd.</li> <li>7. Fortress Mengapur Sdn. Bhd.</li> <li>8. Fortress Metals Sdn. Bhd.</li> <li>9. Fortress Mining Sdn. Bhd.</li> <li>10. Fortress Resources Pte. Ltd.</li> <li>11. Fortress Shared Services Sdn. Bhd.</li> <li>12. Star Destiny Sdn. Bhd.</li> <li>13. Alam Palma Development Sdn. Bhd.</li> <li>14. Amazing Harvard Sdn. Bhd.</li> <li>15. Cheroh Mining PNG Limited</li> <li>16. Crystal Timber &amp; Trading Sdn. Bhd.</li> <li>17. Dynamic Output Sdn. Bhd.</li> <li>18. Extra Diligent Sdn. Bhd.</li> <li>19. FE Mining Sdn. Bhd.</li> <li>20. Greger International Sdn. Bhd.</li> <li>21. Greger International Pte. Ltd.</li> <li>22. JM Mining Sdn. Bhd.</li> <li>23. Kumpulan Soilmas Sdn. Bhd.</li> <li>24. Lebar Tinggi Sdn. Bhd.</li> <li>25. Magnate Access Sdn. Bhd.</li> <li>26. Norwest Minerals Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Fortress Mining Sdn. Bhd.</li> <li>2. Champsworth Development Pte. Ltd.</li> <li>3. Chedstone Investment Holdings Pte. Ltd.</li> <li>4. Crescent Consortium Sdn. Bhd.</li> <li>5. Extra Diligent Sdn. Bhd.</li> <li>6. Hayat Abadi Sdn. Bhd.</li> <li>7. Prestiq Permai Sdn. Bhd.</li> <li>8. Robotic ODM Investment Pte. Ltd.</li> <li>9. SDB Ampang Sdn. Bhd.</li> <li>10. SDB Asia Pte. Ltd.</li> <li>11. SDB Damansara Sdn. Bhd.</li> <li>12. SDB Green Energy Pte. Ltd.</li> <li>13. SDB Host Sdn. Bhd.</li> <li>14. SDB International Sdn. Bhd.</li> <li>15. SDB Interiors Sdn. Bhd.</li> <li>16. SDB Mining Sdn. Bhd.</li> <li>17. SDB Properties Sdn. Bhd.</li> <li>18. SDB Property Management Sdn. Bhd.</li> <li>19. SDB Subang Development Sdn. Bhd.</li> <li>20. SDB SS2 Development Sdn. Bhd.</li> <li>21. SDB Teambuild Sdn. Bhd.</li> <li>22. Selangor Dredging Berhad</li> <li>23. Seldredge Industries Sdn. Bhd.</li> <li>24. Smith St Investment Pte. Ltd.</li> <li>25. Supergreen Solutions Sdn. Bhd.</li> <li>26. Teh Kien Toh Sdn. Berhad</li> <li>27. Teh Wang Sang &amp; Sons Housing Development Sdn. Bhd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tungsten Mining NL</li> <li>2. Precious Capital Pte. Ltd.</li> </ol>

## KEY INFORMATION

Name of Director	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
	27. Rasa Sayang Development Sdn. Bhd. 28. Rox Mining Global Sdn. Bhd. 29. Strategic Venture Pte. Ltd. 30. Tangkai Maju Sdn. Bhd. 31. Webcon Sdn. Bhd. 32. Webcon Development Sdn. Bhd. 33. Webcon Land Sdn. Bhd. 34. Webcon Logistics Sdn. Bhd. 35. Webcon Venture Sdn. Bhd. 36. YF Chee Holdings Sdn. Bhd. 37. Y F Chee Holdings Pte. Ltd.	28. Teh Wang Sang & Sons Sdn. Bhd. 29. Tiara Land Pte. Ltd.	
Past Principal Commitments for the last 5 years, including directorships	1. Alam Lebar Sdn. Bhd. 2. ICL Dynamic Pte. Ltd. 3. NIC Global Pte. Ltd. 4. Olympia Mining Sdn. Bhd. 5. Segala Mewah Minerals Sdn. Bhd. 6. Solid Degree Sdn. Bhd. 7. South China Minerals Pte. Ltd. 8. Webcon Mining (Solomon) Limited 9. Webcon Telecommunications Sdn. Bhd. 10. Independent Mining Sdn. Bhd. 11. Webcon Australia Pty. Ltd. 12. Webcon Holdings Sdn. Bhd. 13. Webcon Plantation Sdn. Bhd. 14. Bukit Selesa Development Sdn. Bhd. 15. Crest Farm Sdn. Bhd. 16. Pearl View Mining Sdn. Bhd. 17. Webcon Minerals Sdn. Bhd.	1. SDB Guernsey Limited 2. 102 Carrington Limited 3. SDB Kuantan Development Sdn. Bhd. 4. Teratai Investment Holdings Ltd.	1. HCY International Private Limited 2. Parkway Minerals NL

## KEY INFORMATION

Name of Director	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
(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
(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	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
(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	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
(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	Dato' Sri Ivan Chee	Teh Lip Kim	Chew Wai Chuen
(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
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	<p>Not Applicable</p> <p>This is a re-election of a director.</p>	<p>Not Applicable</p> <p>This is a re-election of a director.</p>	<p>Not Applicable</p> <p>This is a re-election of a director.</p>

# 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 2022 and the statement of financial position of the Company as at 28 February 2022.

## 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 2022, 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.

## 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	
	Balance at 1 March 2021	Balance at 28 February 2022	Balance at 1 March 2021	Balance at 28 February 2022
<b>Ordinary shares</b>				
<b>Company:</b>				
Chee Yew Fei	530	530	251,249,470	251,249,470
Ng Mun Fey	–	–	35,593,750	35,593,750
Teh Lip Kim	479,300	1,679,300	166,465,625	166,465,625
Loong Ching Hong	1,966,000	2,026,000	5,234,375	5,234,375

# DIRECTORS' STATEMENT

## 4. Directors' interests in shares or debentures (Continued)

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 2022 in the shares of the Company have not changed from those disclosed as at 28 February 2022.

## 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.

## 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);

## DIRECTORS' STATEMENT

### 6. Audit committee (Continued)

- (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;
- (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.

# DIRECTORS' STATEMENT

## 7. Independent auditors

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

On behalf of the Board of Directors,

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**Chee Yew Fei**

Director

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**Ng Mun Fey**

Director

Singapore  
3 June 2022

# 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 105 to 161 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2022;
- 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 2022 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
<p><b>1</b></p> <p><b>Impairment assessment of exploration and evaluation assets, plant and equipment, mining properties and right-of-use assets</b></p> <p>As at 28 February 2022, the carrying amount of the Group's exploration and evaluation assets, plant and equipment, mining properties and right-of-use assets were US\$3,569,637, US\$23,394,351, US\$41,154,609 and US\$2,540,359, respectively, which comprised 3.9%, 25.4%, 44.7%, 2.8% of the Group's total assets. These assets are in relation to the Group's exploration activities at the mine under construction and mining activities at Bukit Besi mine and Mengapur mine in Malaysia.</p> <p>Management has determined that there are no indications of impairment on the Group's exploration and evaluation assets, plant and equipment and mining properties, and right-of-use assets, taking into consideration the remaining estimated mining resources, production costs, iron ore prices and continuation of the exploration and production activities.</p> <p>We focused on the impairment assessment of exploration and evaluation assets, plant and equipment and mining properties as a key audit matter because these assets contribute significantly to the Group's financial statements.</p> <hr/> <p>Refer to Notes 2.4, 2.5, 2.7, 2.9, 2.10, 5, 6, 7 and 8 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated management's assessment of whether there was any indication that exploration and evaluation assets, plant and equipment and mining properties may be impaired;</li> <li>• 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 the specialist; obtained an understanding of the work of that expert; evaluated the appropriateness of that expert's work;</li> <li>• Performed physical sighting of exploration and evaluation assets/activities, plant and equipment and mining properties on a sample basis; and</li> <li>• Evaluated the adequacy of disclosures in the financial statements.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
<p><b>2</b></p> <p><b>Purchase price allocation (“PPA”) and impairment assessment of goodwill arising from acquisition of subsidiary – Fortress Mengapur Sdn. Bhd. (“FMeSB”) and its subsidiaries (the “FMeSB Group”)</b></p> <p>On 7 April 2021, the Group obtained controlling interest in Fortress Mengapur Sdn. Bhd. (“FMeSB”) and its subsidiaries (the “FMeSB Group”) for a purchase consideration of US\$30,626,849. The Group performed a PPA exercise for the acquisition, where the purchase consideration was allocated to the fair value of the identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of US\$3,267,053.</p> <p>As part of the PPA exercise, management determined the fair value of the identifiable assets acquired and liabilities assumed. In this exercise, management engaged independent valuers to perform the valuation of certain assets and liabilities. We focused on this area as the determination of fair values of the identifiable assets acquired and liabilities assumed, including the identification of intangible assets, required significant management judgment in estimating the underlying assumptions to be applied.</p> <p>An annual impairment assessment was performed on the goodwill of US\$3,267,053, which represented the amount of purchase consideration in excess of the fair value of the identifiable assets acquired and liabilities assumed on acquisition date. The recoverable value of the investment was determined on a value-in-use basis using a discounted cash flow model. The assessment by the Group required significant judgment in estimating the underlying assumptions. Based on management’s assessment, no impairment was required.</p> <hr/> <p>Refer to Notes 2.3, 2.8, 4 and 10 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Understand management’s process related to acquisition accounting in the purchase price allocation (“PPA”) exercise;</li> <li>• Read the Sale and Purchase Agreement for the acquisition and assessed the accounting treatment in accordance with SFRS (I) 3 <i>Business Combinations</i> and SFRS(I) 10 <i>Consolidated Financial Statements</i>;</li> <li>• Assessed the competence, capabilities and objectivity of the external valuer engaged and discussed with the external valuer on the valuation methodologies used and the results of their work;</li> <li>• Reviewed the PPA report issued by the external valuer and, with the assistance of our internal valuation specialist, assessed the reasonableness of the key assumptions and valuation methods used in identification of and determination of fair value of the identified assets and liabilities acquired of the acquiree;</li> <li>• Reviewed management’s goodwill impairment assessment and evaluated the valuation methodology and key assumptions applied by management; and</li> <li>• Evaluate the adequacy of disclosure in the financial statements.</li> </ul>

# 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 Leong Hon Mun Peter.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
3 June 2022

# STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2022

	Note	Group		Company	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	4	–	–	<b>43,506,085</b>	12,402,992
Exploration and evaluation assets	5	<b>3,569,637</b>	3,306,243	–	–
Mining properties	6	<b>41,154,609</b>	6,162,325	–	–
Plant and equipment	7	<b>23,394,351</b>	16,605,126	–	–
Right-of-use assets	8	<b>2,540,359</b>	211,216	–	–
Deferred tax assets	9	<b>337,581</b>	–	–	–
Intangible asset	10	<b>3,267,053</b>	–	–	–
		<b>74,263,590</b>	26,284,910	<b>43,506,085</b>	12,402,992
<b>Current assets</b>					
Inventories	11	<b>3,104,477</b>	1,029,105	–	–
Trade receivables	12	<b>1,317,621</b>	11,208,481	–	–
Other receivables, deposits and prepayments	13	<b>6,388,783</b>	13,519,229	–	9,000,050
Amounts due from subsidiaries	14	–	–	<b>7,500,000</b>	2,463,813
Current income tax receivable		<b>49,072</b>	20,403	–	–
Cash and bank balances	15	<b>6,911,225</b>	7,800,262	<b>2,609,992</b>	4,590,919
		<b>17,771,178</b>	33,577,480	<b>10,109,992</b>	16,054,782
<b>Total assets</b>		<b>92,034,768</b>	59,862,390	<b>53,616,077</b>	28,457,774
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	<b>22,463,273</b>	22,463,273	<b>22,463,273</b>	22,463,273
Other reserves	17	<b>(4,192,539)</b>	(2,452,957)	–	–
Retained earnings	18	<b>38,534,497</b>	28,407,131	<b>13,251,741</b>	5,945,417
<b>Equity attributable to owners of the Company</b>		<b>56,805,231</b>	48,417,447	<b>35,715,014</b>	28,408,690
Non-controlling interest		<b>(20,504)</b>	(8,905)	–	–
<b>Total equity</b>		<b>56,784,727</b>	48,408,542	<b>35,715,014</b>	28,408,690
<b>Non-current liabilities</b>					
Bank borrowings	19	<b>15,757,516</b>	1,301,895	<b>12,132,942</b>	–
Lease liabilities	20	<b>568,963</b>	35,289	–	–
Deferred tax liabilities	9	<b>3,484,378</b>	1,384,724	–	–
Other payables	22	<b>393,471</b>	–	<b>393,471</b>	–
		<b>20,204,328</b>	2,721,908	<b>12,526,413</b>	–
<b>Current liabilities</b>					
Bank borrowings	19	<b>6,356,953</b>	652,881	<b>4,947,974</b>	–
Lease liabilities	20	<b>1,918,110</b>	200,422	–	–
Trade payables	21	<b>985,838</b>	420,167	–	–
Other payables and accruals	22	<b>4,986,980</b>	5,851,693	<b>394,836</b>	45,836
Amounts due to subsidiaries	23	–	–	<b>31,806</b>	–
Current income tax payables		<b>797,832</b>	1,606,777	<b>34</b>	3,248
		<b>15,045,713</b>	8,731,940	<b>5,374,650</b>	49,084
<b>Total liabilities</b>		<b>35,250,041</b>	11,453,848	<b>17,901,063</b>	49,084
<b>Total equity and liabilities</b>		<b>92,034,768</b>	59,862,390	<b>53,616,077</b>	28,457,774

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	2022 US\$	2021 US\$
<b>Revenue</b>	24	<b>43,366,218</b>	47,718,246
Cost of sales		<b>(9,985,320)</b>	(11,251,832)
<b>Gross profit</b>		<b>33,380,898</b>	36,466,414
Interest income		<b>12,992</b>	39,047
Other operating income	25	<b>362,808</b>	85,407
Selling and distribution expenses		<b>(4,798,596)</b>	(4,911,132)
Other operating expenses		<b>(8,701,482)</b>	(7,273,726)
Administrative expenses		<b>(813,295)</b>	(986,212)
Finance costs	27	<b>(787,993)</b>	(62,033)
Profit before income tax	28	<b>18,655,332</b>	23,357,765
Income tax expense	29	<b>(4,774,618)</b>	(5,112,441)
<b>Profit for the financial year</b>		<b>13,880,714</b>	18,245,324
<b>Other comprehensive (loss)/income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(1,739,490)</b>	1,162,555
<b>Other comprehensive (loss)/income for the financial year, net of tax</b>		<b>(1,739,490)</b>	1,162,555
<b>Total comprehensive income for the financial year</b>		<b>12,141,224</b>	19,407,879
<b>Profit/(Loss) for the financial year attributable to:</b>			
– Owners of the Company		<b>13,892,410</b>	18,253,936
– Non-controlling interest		<b>(11,696)</b>	(8,612)
		<b>13,880,714</b>	18,245,324
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>			
– Owners of the Company		<b>12,152,828</b>	19,416,790
– Non-controlling interest		<b>(11,604)</b>	(8,911)
		<b>12,141,224</b>	19,407,879
<b>Earnings per share attributable to owners of the Company (cents)</b>			
– Basic and diluted	30	<b>2.78</b>	3.65

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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
<b>Profit/(Loss) for the financial year</b>	-	-	-	-	13,892,410	13,892,410	(11,696)	13,880,714
<b>Other comprehensive income/(loss) for the financial year</b>	-	-	-	(1,739,582)	-	(1,739,582)	92	(1,739,490)
Exchange differences on translating foreign operations								
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	(1,739,582)	13,892,410	12,152,828	(11,604)	12,141,224
<b>Total transactions with owners, recognised directly in equity</b>								
Issuance of shares to non-controlling interest of a subsidiary	4	-	-	-	-	-	5	5
Dividends	31	-	-	-	(3,765,044)	(3,765,044)	-	(3,765,044)
<b>Total transactions with owners</b>	-	-	-	-	(3,765,044)	(3,765,044)	5	(3,765,039)
Balance at 28 February 2022	<b>22,463,273</b>	<b>383,615</b>	<b>(3,565,976)</b>	<b>(1,010,178)</b>	<b>38,534,497</b>	<b>56,805,231</b>	<b>(20,504)</b>	<b>56,784,727</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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 2020	22,463,273	383,615	(3,565,976)	(433,450)	10,728,012	29,575,474	-	29,575,474
<b>Profit/(Loss) for the financial year</b>	-	-	-	-	18,253,936	18,253,936	(8,612)	18,245,324
<b>Other comprehensive income/(loss) for the financial year</b>	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	1,162,854	-	1,162,854	(299)	1,162,555
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	1,162,854	18,253,936	19,416,790	(8,911)	19,407,879
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	-	(574,817)	(574,817)	-	(574,817)
Issuance of shares to non-controlling interest of a subsidiary	4	-	-	-	-	-	6	6
Dividends	31	-	-	-	(574,817)	(574,817)	-	(574,817)
<b>Total transactions with owners</b>	-	-	-	-	(574,817)	(574,817)	6	(574,811)
Balance at 28 February 2021	22,463,273	383,615	(3,565,976)	729,404	28,407,131	48,417,447	(8,905)	48,408,542

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	2022 US\$	2021 US\$
<b>Operating activities</b>		
Profit before income tax	18,655,332	23,357,765
Adjustments for:		
Amortisation of mining properties	417,851	432,318
Depreciation of plant and equipment	2,643,961	2,364,949
Depreciation of right-of-use assets	973,863	342,595
Loss/(Gain) on modification of lease contracts	5,949	(149)
Interest income	(12,992)	(39,047)
Interest expense	787,993	62,033
Bad debt written off	11,938	–
Gain on disposal of plant and equipment	(34,318)	(29,537)
Unrealised foreign exchange (gain)/loss	(365,851)	398,584
Operating cash flows before working capital changes	23,083,726	26,889,511
Working capital changes:		
Inventories	(1,678,515)	(58,035)
Trade and other receivables	7,736,450	(10,136,277)
Trade and other payables	(523,631)	3,183,346
Cash generated from operations	28,618,030	19,878,545
Income tax paid	(5,920,422)	(4,093,879)
Income tax refunded	–	586
Net cash flow from operating activities	22,697,608	15,785,252
<b>Investing activities</b>		
Additions of exploration and evaluation assets	(336,938)	(717,012)
Additions of mining properties	(7,104,103)	–
Additions of plant and equipment	(7,822,800)	(3,151,035)
Advance payment of purchase consideration on acquisition of a subsidiary	–	(9,000,000)
Acquisition of a subsidiary	(21,000,000)	–
Proceeds from disposal of plant and equipment	131,614	130,985
Interest received	12,992	39,047
Net cash used in investing activities	(36,119,235)	(12,698,015)
<b>Financing activities</b>		
Repayment of bank borrowings (Note A)	(4,863,776)	(51,825)
Interest paid on bank borrowings (Note A)	(723,711)	(29,472)
Repayment of principal portion of lease liabilities (Note A)	(1,520,806)	(525,372)
Repayment of interest portion of lease liabilities (Note A)	(64,282)	(32,561)
Repayment to shareholders (Note A)	–	(4,691,694)
Proceeds from borrowings	23,300,000	–
Proceed from issuance of new ordinary share to non-controlling interest by a subsidiary	5	6
Increase in short-term deposit pledged	(2,000,796)	–
Dividends paid	(3,765,044)	(574,817)
Net cash flow from/(used in) financing activities	10,361,590	(5,905,735)
Net change in cash and cash equivalents	(3,060,037)	(2,818,498)
Effect of exchange rate changes on cash and cash equivalents	170,204	376,253
Cash and cash equivalents at beginning of financial year	7,800,262	10,242,507
Cash and cash equivalents at end of financial year (Note 15)	4,910,429	7,800,262

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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.

With effect from 1 March 2022, the registered office of the Company has been changed from 8 Robinson Road #03-00 ASO Building Singapore 048544 to 77 Robinson Road, #06-03, Robinson 77, Singapore 068896.

The principal place of business is located at 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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 2022.

## 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 2021*

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

#### Changes in accounting policies (Continued)

##### *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.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

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.

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.

In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation (Continued)

#### Non-controlling interests (Continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.3 Business combinations (Continued)

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.

### 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*.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.4 Exploration and evaluation assets (Continued)

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.

### 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 an 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 Subsidiary

Investment in a subsidiary is accounted for 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 2022

## 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:

	<u>Years</u>
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 2022

## 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 2022

## 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:

	<u>Years</u>
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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.9 Leases (Continued)

*As lessee (Continued)*

Subsequent measurement (Continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.10 Impairment of non-financial assets except for exploration and evaluation assets (Continued)

#### Assets other than goodwill (Continued)

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 2022

## 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 amount 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.11 Financial instruments (Continued)

#### 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*

Trade and other payables (excluding contingent consideration) 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 2.16).

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.

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 2. Summary of significant accounting policies (Continued)

### 2.11 Financial instruments (Continued)

#### 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 bring 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.

### 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 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.

### 2.15 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 2022

## 2. Summary of significant accounting policies (Continued)

### 2.15 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.

### 2.16 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.

### 2.17 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 2022

## 2. Summary of significant accounting policies (Continued)

### 2.18 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 2022

## 2. Summary of significant accounting policies (Continued)

### 2.19 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.

### 2.20 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.

### 2.21 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 2022

## 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 of exploration and evaluation assets, plant and equipment, mining properties and right-of-use assets at Bukit Besi

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 exploration and evaluation assets, plant and equipment, mining properties and right-of-use 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 2022 was US\$41,154,609 (2021: US\$6,162,325).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 3.2 Key sources of estimation uncertainty (Continued)

#### Impairment of goodwill

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 used for extrapolation purposes. 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 2022 was US\$3,267,053.

## 4. Investments in subsidiaries

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$</b>	<b>US\$</b>
Unquoted equity shares, at cost		
Balance at beginning of financial year	<b>12,402,992</b>	11,405,647
Acquisition of a subsidiary	<b>30,626,849</b>	23
Incorporation of subsidiaries	<b>44</b>	–
Additional capital contribution	<b>476,200</b>	997,322
Balance at end of financial year	<b>43,506,085</b>	12,402,992

(a) During the current 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 4. Investments in subsidiaries (Continued)

(a) During the current financial year ended 28 February 2022: (Continued)

(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 19).

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..

During the 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 4. Investments in subsidiaries (Continued)

(a) During the current financial year ended 28 February 2022: (Continued)

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

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

	<u>US\$</u>
<b>Purchase consideration</b>	
Cash paid	30,000,000
Contingent consideration (Note 22)	626,849
	<u>30,626,849</u>
<b>Assets/(Liabilities)</b>	
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)	<u>(2,199,732)</u>
Net identifiable net assets at fair values	<u>27,359,796</u>
Goodwill arising on acquisition (Note 10)	<u>3,267,053</u>

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

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

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

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 (2021: US\$205,236) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 4. Investments in subsidiaries (Continued)

(b) In the previous financial year ended 28 February 2021:

(i) Acquisition of a subsidiary – Fortress Metals Sdn Bhd (“Fortress Metals”)

On 21 August 2020, the Company acquired Fortress Metals, a company incorporated in Malaysia, for a purchase consideration of MYR100 (equivalent to US\$23).

On 21 January 2021, the Company further injected capital of MYR1,499,900 (equivalent to US\$373,981) into Fortress Metals which was settled in cash.

(ii) Additional share capital in a subsidiary – Fortress Dredging Sdn. Bhd. (“Fortress Dredging”)

On 11 January 2021, the Company further injected MYR2,499,998 (equivalent to US\$623,341) of capital into an existing subsidiary, Fortress Dredging. The capital injection contribution was satisfied through full cash settlement.

(iii) Acquisition of an indirect subsidiary – Fortress Fe Sdn Bhd (“Fortress Fe”)

On 7 October 2020, the Company’s subsidiary FMSB acquired 75% equity interest in Fortress Fe, a company incorporated in Malaysia, for a purchase consideration of MYR75 (equivalent to US\$18). Upon the acquisition, Fortress Fe became an indirect subsidiary of the Company. The remaining 25% equity interest in Fortress Fe amounting to MYR25 (US\$6) has been recognised as non-controlling interest. As Fortress Fe has not commenced its operation, the results of the subsidiary are insignificant to the Group.

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	
		2022	2021	2022	2021
		%	%	%	%
Fortress Resources Pte. Ltd. <sup>(1)</sup> (Singapore)	Wholesale trade of a variety of goods without dominant product	100	100	–	–
Fortress Mining Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals	100	100	–	–
Fortress Dredging Sdn. Bhd. <sup>(2)</sup> (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. <sup>(2)</sup> (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	100	100	–	–
Fortress Mengapur Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Investment holding	100	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 4. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (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	
		2022	2021	2022	2021
		%	%	%	%
Fortress Shared Services Sdn. Bhd. <sup>(2)</sup> (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	–	–	–
Fortress Drilltech Sdn. Bhd. <sup>(2)</sup> (Malaysia)	To carry on business as contractors for drilling and blasting works, other site preparation activities and mining work of any kind	80	–	20	–
<b>Held by Fortress Mining Sdn. Bhd.</b>					
Fortress Logistics Sdn. Bhd. <sup>(2)</sup> (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. <sup>(2)</sup> (Malaysia)	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	100	100	–	–
Fortress Fe Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	75	75	25	25
<b>Held by Fortress Mengapur Sdn. Bhd.</b>					
Ceramat Aman Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	100	–	–	–
Star Destiny Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	100	–	–	–

<sup>(1)</sup> Audited by BDO LLP, Singapore

<sup>(2)</sup> Audited by BDO PLT, Malaysia

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 5. Exploration and evaluation assets

	Group	
	2022 US\$	2021 US\$
Balance at beginning of financial year	3,306,243	2,321,853
Additions	382,078	883,036
Exchange translation differences	(118,684)	101,354
Balance at end of financial year	<u>3,569,637</u>	<u>3,306,243</u>

The carrying amount of the exploration and evaluation assets relates to the exploration of a new area of interest in the Bukit Besi 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.

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

	Group	
	2022 US\$	2021 US\$
Additions of exploration and evaluation assets	382,078	883,036
<b>Non-cash item due to capitalisation of:</b>		
– depreciation of right-of-use assets	(36,753)	(166,024)
– depreciation of plant and equipment	(8,386)	–
Cash payments to additions of exploration and evaluation assets	<u>336,938</u>	<u>717,012</u>

## 6. Mining properties

	Group	
	2022 US\$	2021 US\$
<b>Cost</b>		
Balance at beginning of financial year	7,336,054	7,029,213
Additions	7,104,103	–
Acquisition of subsidiaries (Note 4)	28,995,430	–
Exchange translation differences	(681,086)	306,841
Balance at end of financial year	<u>42,754,501</u>	<u>7,336,054</u>
<b>Amortisation</b>		
Balance at beginning of financial year	1,173,729	685,295
Charge for the financial year	472,004	443,154
Exchange translation differences	(45,841)	45,280
Balance at end of financial year	<u>1,599,892</u>	<u>1,173,729</u>
<b>Carrying amount</b>		
Balance at end of financial year	<u>41,154,609</u>	<u>6,162,325</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 6. Mining properties (Continued)

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

	Group	
	2022 US\$	2021 US\$
Charged to profit or loss	417,851	432,318
Capitalised as inventories	54,153	10,836
	<u>472,004</u>	<u>443,154</u>

## 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\$
<b>Group Cost</b>							
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	<u>38,370</u>	<u>230,090</u>	<u>1,090,851</u>	<u>11,958,775</u>	<u>9,370,881</u>	<u>9,116,787</u>	<u>31,805,754</u>
<b>Accumulated depreciation</b>							
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	<u>(18,569)</u>	<u>(55,792)</u>	<u>(523,875)</u>	<u>(4,027,820)</u>	<u>(3,785,347)</u>	<u>-</u>	<u>(8,411,403)</u>
<b>Net carrying amount</b>							
Balance at 28 February 2022	<u>19,801</u>	<u>174,298</u>	<u>566,976</u>	<u>7,930,955</u>	<u>5,585,534</u>	<u>9,116,787</u>	<u>23,394,351</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 7. Plant and equipment (Continued)

	<b>Furniture and fittings US\$</b>	<b>Office equipment US\$</b>	<b>Site equipment US\$</b>	<b>Plant and machinery US\$</b>	<b>Motor vehicles US\$</b>	<b>Capital work-in- progress US\$</b>	<b>Total US\$</b>
<b>Group</b>							
<b>Cost</b>							
Balance at 1 March							
2020	19,796	46,215	579,444	10,893,384	4,670,849	363,970	16,573,658
Additions	–	33,352	128,161	671,149	3,187,925	1,098,588	5,119,175
Disposal	–	–	–	(8,297)	(154,826)	–	(163,123)
Reclassification	–	–	–	41,943	–	(41,943)	–
Exchange translation differences	865	2,017	25,294	475,521	203,893	15,888	723,478
Balance at 28 February 2021	<u>20,661</u>	<u>81,584</u>	<u>732,899</u>	<u>12,073,700</u>	<u>7,907,841</u>	<u>1,436,503</u>	<u>22,253,188</u>
<b>Accumulated depreciation</b>							
Balance at 1 March							
2020	(7,529)	(13,947)	(235,976)	(1,606,564)	(1,211,341)	–	(3,075,357)
Depreciation for the financial year	(3,994)	(10,764)	(130,367)	(1,182,989)	(1,088,243)	–	(2,416,357)
Disposal	–	–	–	415	61,260	–	61,675
Exchange translation differences	(467)	(982)	(14,821)	(111,145)	(90,608)	–	(218,023)
Balance at 28 February 2021	<u>(11,990)</u>	<u>(25,693)</u>	<u>(381,164)</u>	<u>(2,900,283)</u>	<u>(2,328,932)</u>	<u>–</u>	<u>(5,648,062)</u>
<b>Net carrying amount</b>							
Balance at 28 February 2021	<u>8,671</u>	<u>55,891</u>	<u>351,735</u>	<u>9,173,417</u>	<u>5,578,909</u>	<u>1,436,503</u>	<u>16,605,126</u>

The carrying amounts of plant and equipment of the Group secured by bank borrowings (Note 19) as at 28 February 2022 are US\$3,489,903 (2021: US\$2,498,697).

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

	<b>Group</b>	
	<b>2022 US\$</b>	<b>2021 US\$</b>
Additions of plant and equipment	<b>10,129,785</b>	5,119,175
Acquired under bank borrowings	<b>(1,793,640)</b>	(1,931,101)
Depreciation of plant and equipment	<b>(191,568)</b>	–
Depreciation of right-of-use assets	<b>(321,777)</b>	–
Consideration payable in relation to acquisition of plant and equipment	–	(37,039)
Cash payments to acquire plant and equipment	<u><b>7,822,800</b></u>	<u>3,151,035</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 7. Plant and equipment (Continued)

The Group's depreciation charges at for the financial year were allocated as follows:

	Group	
	2022 US\$	2021 US\$
Charged to profit or loss	2,643,961	2,364,949
Capitalised in inventories	274,693	51,408
Capitalised in plant and equipment	191,568	–
Capitalised in exploration and evaluation assets	8,386	–
	<u>3,118,608</u>	<u>2,416,357</u>

## 8. Right-of-use assets

	Premises US\$	Motor vehicles US\$	Total US\$
<b>Group Cost</b>			
Balance at 1 March 2021	120,291	944,399	1,064,690
Additions	83,970	3,910,228	3,994,198
Modification of lease terms	(60,333)	(230,548)	(290,881)
Exchange translation differences	(3,844)	(32,090)	(35,934)
Balance at 28 February 2022	<u>140,084</u>	<u>4,591,989</u>	<u>4,732,073</u>
<b>Accumulated depreciation</b>			
Balance at 1 March 2021	(41,853)	(811,621)	(853,474)
Depreciation	(59,423)	(1,377,923)	(1,437,346)
Modification of lease terms	33,936	23,696	57,632
Exchange translation differences	1,704	39,770	41,474
Balance at 28 February 2022	<u>(65,636)</u>	<u>(2,126,078)</u>	<u>(2,191,714)</u>
<b>Net carrying amount</b>			
Balance at 28 February 2022	<u>74,448</u>	<u>2,465,911</u>	<u>2,540,359</u>
<b>Cost</b>			
Balance at 1 March 2020	70,255	768,836	839,091
Additions	46,969	212,911	259,880
Modification of lease terms	–	(68,533)	(68,533)
Exchange translation differences	3,067	31,185	34,252
Balance at 28 February 2021	<u>120,291</u>	<u>944,399</u>	<u>1,064,690</u>
<b>Accumulated depreciation</b>			
Balance at 1 March 2020	(16,026)	(293,324)	(309,350)
Depreciation	(24,284)	(490,686)	(514,970)
Modification of lease terms	–	2,131	2,131
Exchange translation differences	(1,543)	(29,742)	(31,285)
Balance at 28 February 2021	<u>(41,853)</u>	<u>(811,621)</u>	<u>(853,474)</u>
<b>Net carrying amount</b>			
Balance at 28 February 2021	<u>78,438</u>	<u>132,778</u>	<u>211,216</u>

The carrying amounts of premises and motor vehicle of the Group were secured over the lease liabilities (Note 20) 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 2022

## 8. Right-of-use assets (Continued)

The Group's depreciation charges for the financial year were allocated as follows:

	Group	
	2022 US\$	2021 US\$
Charged to profit or loss	973,863	342,595
Capitalised in inventories	104,953	6,351
Capitalised in plant and equipment	321,777	–
Capitalised in exploration and evaluation assets	36,753	166,024
	<b>1,437,346</b>	<b>514,970</b>

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 20 to the financial statements.

## 9. Deferred tax

	Group	
	2022 US\$	2021 US\$
Deferred tax assets	337,581	–
Deferred tax liabilities	3,484,378	1,384,724

The movements in deferred tax position are as follows:

	Group	
	2022 US\$	2021 US\$
Balance at beginning of financial year	1,384,724	1,466,788
Acquisition of subsidiaries (Note 4)	2,199,732	–
Credited to profit or loss (Note 29)	(391,024)	(141,196)
Exchange translation differences	(46,635)	59,132
Balance at end of financial year	<b>3,146,797</b>	<b>1,384,724</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 10. Intangible asset

	Group	
	2022	2021
	US\$	US\$
<u>Goodwill</u>		
Cost		
Balance at beginning of financial year	-	-
Acquisition of subsidiaries (Note 4)	<b>3,267,053</b>	-
Balance at end of financial year	<b>3,267,053</b>	-

Goodwill is allocated to a single cash-generating-unit (“CGU”) which is the FMeSB Group acquired by the Group during the current financial year.

The recoverable amount of the CGU is determined from value in use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next five (5) years. 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 93,000 wet metric tonne (“WMT”) to 406,932 WMT per annum.
- (ii) The anticipated average realised selling price projected based on historical S&P Global Commodity Platts Price with adjustment to account for prices applied to the local market.
- (iii) Earnings before interest and tax (“EBIT”) margins ranged from 53% to 55%.
- (iv) Discount rate is determined to be 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	
	2022	2021
	US\$	US\$
Iron ores	<b>2,584,444</b>	196,601
Consumables	<b>520,033</b>	832,504
	<b>3,104,477</b>	1,029,105

The cost of inventories recognised as expense and included in “cost of sales” amounted to US\$9,985,320 (2021: US\$11,251,832).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 12. Trade receivables

	Group	
	2022	2021
	US\$	US\$
Trade receivables		
– third parties	<b>1,317,621</b>	11,208,481

Trade receivables are unsecured, non-interest bearing and is on a credit term of 7 to 14 days (2021: 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 profiles of the Group's trade receivables as at the end of each reporting date are as follows:

	Group	
	2022	2021
	US\$	US\$
Malaysian ringgit	–	13,520
United States dollar	<b>1,317,621</b>	11,194,961
	<b>1,317,621</b>	11,208,481

## 13. Other receivables, deposits and prepayments

	Group		Company	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Other receivables	<b>919,981</b>	–	–	–
Advance payment of purchase consideration on acquisition of a subsidiary*	–	9,000,000	–	9,000,000
Deposits	<b>1,686,647</b>	1,346,797	–	50
Prepayments	<b>3,782,155</b>	3,172,432	–	–
	<b>6,388,783</b>	13,519,229	–	9,000,050
Less:				
Prepayments	<b>(3,782,155)</b>	(3,172,432)	–	–
Add:				
Trade receivables (Note 12)	<b>1,317,621</b>	11,208,481	–	–
Cash and bank balances (Note 15)	<b>6,911,225</b>	7,800,262	<b>2,609,992</b>	4,590,919
Total financial assets carried at amortised cost	<b>10,835,474</b>	29,355,540	<b>2,609,992</b>	13,590,969

\* These related to partial consideration paid in advance for the acquisition of entire issued and paid-up share capital of the FMeSB Group. On 7 April 2021, the Company completed the acquisition of the FMeSB Group (Note 4).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 13. Other receivables, deposits and prepayments (Continued)

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.

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

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Malaysian ringgit	2,606,628	1,346,747	-	-
United States dollar	-	9,000,050	-	9,000,050
	<b>2,606,628</b>	<b>10,346,797</b>	<b>-</b>	<b>9,000,050</b>

## 14. Amounts due from subsidiaries

	Company	
	2022 US\$	2021 US\$
Amounts due from subsidiaries (non-trade)	<b>7,500,000</b>	2,463,813

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

The currency exposure profiles of amounts due from subsidiaries as at the end of each reporting date are as follows:

	Company	
	2022 US\$	2021 US\$
Malaysian ringgit	-	2,463,813
United States dollar	<b>7,500,000</b>	-
	<b>7,500,000</b>	2,463,813

## 15. Cash and bank balances

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Cash at banks	4,845,853	7,513,902	609,196	4,590,919
Cash on hand	60,636	21,473	-	-
Short-term deposits	2,004,736	264,887	2,000,796	-
	<b>6,911,225</b>	<b>7,800,262</b>	<b>2,609,992</b>	<b>4,590,919</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 15. Cash and bank balances (Continued)

Short-term deposits of the Group and the Company amounting to US\$2,000,796 was pledged to a bank to secure credit facilities granted (Note 19).

Short term deposits bear interest from 0.15% per annum (2021: 0.15% per annum) during the financial year and with maturity of one month from the end of the financial year ended 28 February 2022.

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

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Malaysian ringgit	<b>1,035,334</b>	1,276,265	<b>19,492</b>	–
Singapore dollar	<b>199,107</b>	1,254,935	<b>162,878</b>	1,172,383
United States dollar	<b>5,676,784</b>	5,269,062	<b>2,427,622</b>	3,418,536
	<b>6,911,225</b>	7,800,262	<b>2,609,992</b>	4,590,919

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	
	2022 US\$	2021 US\$
Cash and bank balances	<b>6,911,225</b>	7,800,262
Less: Short-term deposits pledged	<b>(2,000,796)</b>	–
Cash and cash equivalents per consolidated statement of cash flows	<b>4,910,429</b>	7,800,262

## 16. Share capital

	Group and company			
	2022		2021	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
<b>Issued and fully paid:</b>				
Balance at beginning and end of financial year	<b>500,000,000</b>	<b>22,463,273</b>	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 2022

## 17. Other reserves

	Group	
	2022	2021
	US\$	US\$
Capital reserve	383,615	383,615
Merger reserve	(3,565,976)	(3,565,976)
Foreign currency translation reserve	(1,010,178)	729,404
	<u>(4,192,539)</u>	<u>(2,452,957)</u>

### *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.

## 18. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2022	2021
	US\$	US\$
Balance at beginning of financial year	5,945,417	1,034,422
Total comprehensive income for financial year	11,071,368	5,485,812
Dividends (Note 31)	(3,765,044)	(574,817)
Balance at end of financial year	<u>13,251,741</u>	<u>5,945,417</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 19. Bank borrowings

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Non-current</b>				
Secured:				
Term loans	14,252,496	–	12,250,000	–
Others	1,641,261	1,301,895	–	–
	15,893,757	1,301,895	12,250,000	–
Less: Unamortised transaction costs	(136,241)	–	(117,059)	–
	15,757,516	1,301,895	12,132,942	–
<b>Current</b>				
Secured:				
Term loans	5,260,000	–	5,000,000	–
Others	1,159,941	652,881	–	–
	6,419,941	652,881	5,000,000	–
Less: Unamortised transaction costs	(62,988)	–	(52,026)	–
	6,356,953	652,881	4,947,974	–
<b>Total borrowings</b>				
Term loans	19,512,496	–	17,250,000	–
Others	2,801,202	1,954,776	–	–
	22,313,698	1,954,776	17,250,000	–
Less: Unamortised transaction costs	(199,229)	–	(169,085)	–
	22,114,469	1,954,776	17,080,916	–

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

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Payable				
– No later than one financial year	6,356,953	652,881	4,947,974	–
– Between one and two financial years	13,417,927	1,301,895	9,895,948	–
– Between two and five financial years	2,339,589	–	2,236,994	–
	22,114,469	1,954,776	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 2.63% to 3.35% (2021: 3.30% to 4.79%) have been applied.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 19. 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 licensed financial institution;
- (iii) guarantees from the Company and certain subsidiaries of the Company; and
- (iv) pledge over short-term deposits (Note 15).

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

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Malaysian ringgit	2,801,201	1,954,776	–	–
United States dollar	19,313,268	–	17,080,916	–
	<b>22,114,469</b>	1,954,776	<b>17,080,916</b>	–

## 20. Lease liabilities

	Group		Total US\$
	Premises US\$	Motor vehicles US\$	
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
Modification of lease terms	(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	<b>73,987</b>	<b>2,413,086</b>	<b>2,487,073</b>
As at 1 March 2020	55,789	488,220	544,009
Additions	46,969	212,911	259,880
Interest expense	3,715	28,846	32,561
Modification of lease terms	–	(66,551)	(66,551)
Lease payments			
– Principal portion	(22,971)	(502,401)	(525,372)
– Interest portion	(3,715)	(28,846)	(32,561)
Exchange translation differences	2,435	21,310	23,745
At 28 February 2021	82,222	153,489	235,711

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 20. Lease liabilities (Continued)

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

	Group	
	2022	2021
	US\$	US\$
Contractual undiscounted cash flows		
– No later than one financial year	<b>1,971,173</b>	205,768
– Between one and two financial years	<b>574,385</b>	36,298
	<b>2,545,558</b>	242,066
Less: Future interest expense	<b>(58,485)</b>	(6,355)
Present value of lease liabilities	<b>2,487,073</b>	235,711
Presented in consolidated statement of financial position		
– Non-current	<b>568,963</b>	35,289
– Current	<b>1,918,110</b>	200,422
	<b>2,487,073</b>	235,711

The Group leases office space, hostels, storage space and motor vehicles (2021: office space, hostels and motor vehicles) in Malaysia with only fixed payment over the lease terms.

The Group also leases certain hostels, 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\$1,586,600 (2021: US\$560,272).

As at 28 February 2022, the weighted average incremental borrowing rate applied was 4.15% per annum (2021: 5.21% per annum).

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

## 21. Trade payables

Trade payables are unsecured, interest free and repayable within the credit terms of 30 days (2021: 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 2022

## 22. Other payables and accruals

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Non-current</b>				
Contingent consideration* (Note 4)	<b>393,471</b>	–	<b>393,471</b>	–
<b>Current</b>				
Other payables	<b>1,739,496</b>	1,089,022	<b>12,742</b>	3,823
Accruals	<b>3,014,106</b>	4,762,671	<b>148,716</b>	42,013
Contingent consideration* (Note 4)	<b>233,378</b>	–	<b>233,378</b>	–
	<b>4,986,980</b>	5,851,693	<b>394,836</b>	45,836
Add:				
Trade payables	<b>985,838</b>	420,167	–	–
Bank borrowings (Note 19)	<b>22,114,469</b>	1,954,776	<b>17,080,916</b>	–
Lease liabilities (Note 20)	<b>2,487,073</b>	235,711	–	–
Amounts due to subsidiaries (Note 23)	–	–	<b>31,806</b>	–
Less:				
Contingent consideration* (Note 4)	<b>(626,849)</b>	–	<b>(626,849)</b>	–
Total financial liabilities carried at amortised cost	<b>30,340,982</b>	8,462,347	<b>17,274,180</b>	45,836

\* As part of the acquisition of the entire issued and paid-up share capital in MMSB 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 the subsidiaries acquired.

As at 28 February 2022, the condition of the acquired subsidiaries 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 28 February 2022 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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Malaysian ringgit	<b>3,201,364</b>	5,796,273	–	–
United States dollar	<b>2,082,901</b>	–	<b>711,283</b>	–
Singapore dollar	<b>96,186</b>	55,420	<b>77,024</b>	45,836
	<b>5,380,451</b>	5,851,693	<b>788,307</b>	45,836

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 23. 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.

## 24. 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	
	2022	2021
	US\$	US\$
<i>Primary geographical market</i>		
China	3,625,341	2,700,486
Malaysia	39,740,877	39,896,749
Vietnam	–	5,121,011
	<b>43,366,218</b>	<b>47,718,246</b>
<i>Timing of transfer of goods and services</i>		
Point in time	<b>43,366,218</b>	<b>47,718,246</b>

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

## 25. Other income

	Group	
	2022	2021
	US\$	US\$
Gain on disposal of plant and equipment	34,318	29,537
Gain on modification of lease contracts	–	149
Foreign exchange gain, net	69,525	–
Government grants	74,540	–
Sale of spare parts	103,771	–
Others	80,654	55,721
	<b>362,808</b>	<b>85,407</b>

## 26. Employee benefits expenses

	Group	
	2022	2021
	US\$	US\$
Wages, salaries, bonuses and other emoluments	7,374,483	5,573,607
Contributions to defined contribution plans	497,008	297,607
Social security contributions	49,994	33,065
Other benefits	471,897	244,771
	<b>8,393,382</b>	<b>6,149,050</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 26. Employee benefits expenses (Continued)

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

	Group	
	2022	2021
	US\$	US\$
Profit or Loss		
– Cost of sales	3,162,759	2,654,621
– Selling and distribution expenses	137,084	–
– Other operating expenses	3,016,774	3,235,735
	<b>6,316,617</b>	5,890,356
Capitalised		
– Exploration and evaluation assets	339,963	258,694
– Plant and equipment	663,547	–
– Inventories	362,861	–
– Mining properties	710,394	–
	<b>2,076,765</b>	258,694
	<b>8,393,382</b>	6,149,050

Employee benefit expenses relating to key management personnel are disclosed in Note 33 to the financial statements.

## 27. Finance costs

	Group	
	2022	2021
	US\$	US\$
Interest expense on:		
– amortisation of borrowing cost	54,788	–
– bank borrowings	668,923	29,472
– lease liabilities	64,282	32,561
	<b>787,993</b>	62,033

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 28. 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	
	2022	2021
	US\$	US\$
<i>Selling and distribution expenses</i>		
Handling and transportation charges	812,798	1,134,987
Commission expense	717,813	785,201
Ocean freight	1,616,360	1,097,732
Royalty expense	1,505,015	1,725,568
<i>Other operating expenses</i>		
Travelling and accommodation	133,597	113,784
Tools and small equipment	1,063,485	729,996
Upkeep of site	318,386	172,065
Upkeep of machineries	1,659,864	1,395,409
Lease expenses on:		
– short-term leases	1,512	2,339
<i>Administrative expenses</i>		
Audit fee paid/payable to:		
– auditors of the Company	54,928	44,540
– other auditors	23,755	18,134
Non-audit fee paid/payable to:		
– auditors of the Company	10,660	8,021
– other auditors	9,030	24,641
Transaction cost for the acquisition (Note 4)	36,220	205,236
Loss on modification of lease contracts	5,949	–
Foreign exchange loss, net	–	193,188

## 29. Income tax expense

	Group	
	2022	2021
	US\$	US\$
Current income tax		
– current financial year	5,121,115	5,241,582
– under provision in respect of prior financial years	44,527	12,055
	<b>5,165,642</b>	5,253,637
Deferred tax		
– current financial year	(246,168)	271,051
– over provision in respect of prior financial years	(144,856)	(412,247)
	<b>(391,024)</b>	(141,196)
Income tax expense recognised in profit or loss	<b>4,774,618</b>	5,112,441

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 29. 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% (2021: 17%) to profit before income tax as a result of the following differences:

	Group	
	2022	2021
	US\$	US\$
Profit before income tax	18,655,332	23,357,765
Income tax calculated using applicable tax rate of 17% (2021: 17%)	3,171,406	3,970,820
Add/(Less):		
Effect of different tax rate of overseas operations	1,416,364	1,335,142
Effect of non-allowable items	462,277	283,587
Effect of income not subject to tax	(361,725)	(62,534)
Deferred tax assets not recognised*	186,625	–
Corporate tax rebate and incentive	–	(14,382)
Under provision of current income tax in prior financial years	44,527	12,055
Over provision of deferred tax in prior financial years	(144,856)	(412,247)
	<u>4,774,618</u>	<u>5,112,441</u>

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

## 30. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2022	2021
Profit for the financial year attributable to owners of the Company (US\$)	<u>13,892,410</u>	<u>18,253,936</u>
Weighted-average number of ordinary shares	<u>500,000,000</u>	<u>500,000,000</u>
<i>Earnings per share (in cents)</i>		
– Basic and diluted	<u>2.78</u>	<u>3.65</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 31. Dividends

	Company	
	2022	2021
	US\$	US\$
	<u>          </u>	<u>          </u>
Ordinary dividends paid:		
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	–
In respect of financial year ended 29 February 2020:		
– Final one-tier tax exempt dividend of 0.16 Singapore cents (equivalent to 0.11 US cents) per ordinary share	–	574,817
	<u>3,765,044</u>	<u>574,817</u>

For the financial year ended 28 February 2022, the Board recommended a one-tier tax exempt final cash dividend of S\$4.0 million; equivalent to 0.80 Singapore cents per ordinary share (US\$2.9 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 2023.

## 32. Capital commitments

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

	Group	
	2022	2021
	US\$	US\$
	<u>          </u>	<u>          </u>
Capital expenditures contracted but not provided for		
– Plant and equipment	186,886	1,452,442

## 33. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 33. Significant related party transactions (Continued)

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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>With subsidiaries</b>				
Dividends received and receivable	-	-	12,476,200	4,943,411
Management fee	-	-	31,930	-
Paid on behalf to	-	-	-	83,946
<b>With related parties</b>				
Lease payments	36,472	17,779	-	-
Purchase of plant and equipment	-	19,755	-	-

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 2022 and 29 February 2021 with related parties are disclosed in Notes 14 and 23 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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Directors' fees	441,066	183,378	403,834	173,210
Salaries and other emoluments	2,532,951	2,418,752	-	-
Contributions to defined contribution plans	133,454	81,298	-	-
Social security contributions	455	480	-	-
	<b>3,107,926</b>	2,683,908	<b>403,834</b>	173,210
Comprised amounts paid to:				
- Directors of the Company	3,016,051	2,648,664	403,834	173,210
- Directors of subsidiaries	91,875	35,244	-	-
	<b>3,107,926</b>	2,683,908	<b>403,834</b>	173,210

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 34. 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\$
<b>2022</b>			
Revenue			
External customers, representing total revenue	<b>43,366,218</b>	–	<b>43,366,218</b>
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)	<b>19,500,132</b>	<b>(844,800)</b>	<b>18,655,332</b>
Assets:			
Additions to non-current assets	54,710,228	–	54,710,228
Segment assets	91,425,572	609,196	92,034,768
Segment liabilities	<b>(34,855,171)</b>	<b>(394,870)</b>	<b>(35,250,041)</b>
<b>2021</b>			
Revenue			
External customers, representing total revenue	47,718,246	–	47,718,246
Results:			
Interest income	23,365	15,682	39,047
Amortisation of mining properties	(432,318)	–	(432,318)
Depreciation of right-of-use assets	(342,595)	–	(342,595)
Depreciation of plant and equipment	(2,364,949)	–	(2,364,949)
Gain on disposal of plant and equipment	29,537	–	29,537
Interest expense	(62,033)	–	(62,033)
Segment profit/(loss)	23,867,397	(509,632)	23,357,765
Assets:			
Additions to non-current assets	6,262,091	–	6,262,091
Segment assets	54,336,991	5,525,399	59,862,390
Segment liabilities	(11,402,492)	(51,356)	(11,453,848)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

## 34. Segment information (Continued)

### Geographical information

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

### Major customer

The Group's revenue from iron ore segment of US\$43,366,218 (2021: US\$47,718,246) is derived from various customers in People Republic of China and Malaysia (2021: People Republic of China, Malaysia and Vietnam). The Group derives revenue from two (2) (2021: four (4)) 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\$37,665,026 (2021: US\$45,017,760).

## 35. 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.

### 35.1 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.

#### *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) (2021: three (3)) trade receivables which accounted for 100% (2021: 100%) of the total trade receivables as at 28 February 2022.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.1 Credit risk (Continued)

#### *Other receivables, deposits and amount 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, amount 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. As at 28 February 2022, 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.

#### *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 are the maximum amount the Company could have to pay if the guarantee is called on. As at 28 February 2022, subsidiaries' borrowings of US\$4,813,890 was guaranteed by the Company. The loans guaranteed by Company mature between 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.

### 35.2 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 Singapore dollar ("SGD") and Malaysia Ringgit ("MYR").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.2 Market risk (Continued)

#### Foreign currency risk (Continued)

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	
	MYR US\$	SGD US\$	MYR US\$	SGD US\$
<b>2022</b>				
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	(3,201,366)	(96,184)	-	(77,024)
Amounts due to subsidiaries	-	-	(31,806)	-
Lease liabilities	(2,487,073)	-	-	-
Net financial (liabilities)/assets	(5,833,516)	102,923	(12,314)	85,854
Less:				
Net financial liabilities denominated in the respective entities' functional currency	5,853,008	-	-	-
Net currency exposure	19,492	102,923	(12,314)	85,854
Sensitivity analysis	1,618	8,543	(1,022)	7,126
<b>2021</b>				
Trade receivables	13,520	-	-	-
Other receivables and deposits (excluding prepayments)	1,346,747	-	-	-
Amount due from subsidiaries	2,463,813	-	2,463,813	-
Cash and bank balances	1,276,265	1,254,935	-	1,172,383
Bank borrowings	(1,954,776)	-	-	-
Trade payables	(420,167)	-	-	-
Other payables and accruals	(5,796,273)	(55,420)	-	(45,836)
Lease liabilities	(235,711)	-	-	-
Net financial (liabilities)/assets	(3,306,582)	1,199,515	2,463,813	1,126,547
Less:				
Net financial liabilities denominated in the respective entities' functional currency	5,770,395	-	-	-
Net currency exposure	2,463,813	1,199,515	2,463,813	1,126,547
Sensitivity analysis	204,496	99,560	204,496	93,503

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.2 Market risk (Continued)

#### *Foreign currency risk (Continued)*

A 10% strengthening of SGD and MYR against US\$ at the end of each reporting dates would increase 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 SGD-interest rates had been higher/lower by 0.05%, with all variables including tax rate being held constant, the profit after tax would have been lower/higher by \$9,756.

#### *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.

#### *Price risk sensitivity analysis*

At the end of the financial year, had the iron ore average selling prices been 10% (2021: 10%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by US\$4,336,622 (2021: US\$4,771,825).

### 35.3 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.3 Liquidity risk (Continued)

#### *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\$
<b>Group</b>			
<b>At 28 February 2022</b>			
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
	<u>14,914,492</u>	<u>17,459,425</u>	<u>32,373,917</u>
<b>At 28 February 2021</b>			
Trade payables	420,167	–	420,167
Other payables and accruals	5,851,693	–	5,851,693
Bank borrowings	750,162	1,376,133	2,126,295
Lease liabilities	205,768	36,298	242,066
	<u>7,227,790</u>	<u>1,412,431</u>	<u>8,640,221</u>
<b>Company</b>			
<b>At 28 February 2022</b>			
Other payables and accruals	394,836	393,471	788,307
Bank borrowings	5,405,349	12,686,909	18,092,258
	<u>5,800,185</u>	<u>13,080,380</u>	<u>18,880,565</u>
Financial guarantee	4,813,980	–	4,813,980
<b>At 28 February 2021</b>			
Other payables and accruals	45,836	–	45,836

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.4 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 16, 17 and 18 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 2022 and 28 February 2021.

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, and amounts due to shareholders less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital, other reserves and retained earnings.

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade payables	985,838	420,167	–	–
Other payables and accruals	5,380,451	5,851,693	788,307	45,836
Bank borrowings	22,114,469	1,954,776	17,080,916	–
Lease liabilities	2,487,073	235,711	–	–
Amounts due to subsidiaries	–	–	31,806	–
Less: Cash and bank balances	(6,911,225)	(7,800,262)	(2,609,992)	(4,590,919)
Net debts/(cash)	24,056,606	662,085	15,291,037	(4,545,083)
Equity attributable to the owners of the Company	56,805,231	48,417,447	35,715,014	28,408,690
Total capital	80,361,837	49,079,532	51,006,051	23,863,607
Gearing ratio (%)	29.75%	1.35%	29.98%	n.m. <sup>^</sup>

<sup>^</sup> The Company is in net cash position as at 28 February 2021 and hence no gearing ratios are presented.

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 2022. The Group and Company did not have were any externally imposed capital requirements for the previous financial year ended 28 February 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.5 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).

The following presented the financial liability measured at fair value.

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	US\$	US\$	US\$	US\$
<b>28 February 2022</b>				
<b>Group and Company</b>				
Contingent consideration (Note 22)	–	–	626,849	626,849

The following table presents the changes in level 3 instrument:

	2022 US\$
<b>Contingent consideration</b>	
At beginning of the financial year	–
Acquisition of subsidiaries (Note 4)	626,849
Other payables	626,849

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

### 35.5 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 2022 US\$	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration (Note 22)	626,849	Discount rate	9.52%	The higher the discount rate, the lower the fair value
		The anticipated annual production volume of the FMeSB Group	93,000 to 406,932 wet metric tonne	The higher the anticipated annual production volume, the higher the fair value

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, amount due from subsidiaries, trade and other payables and amount 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 19 to financial statements.

## 36. Authorisation of financial statements

The statement of financial position of the Company as at 28 February 2022 and the consolidated financial statements of the Group for the financial year ended 28 February 2022 were authorised for issue in accordance with a Directors' resolution dated 3 June 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 10 MAY 2022

## ANALYSIS OF SHAREHOLDINGS

ISSUED AND FULLY PAID-UP CAPITAL	:	S\$31,429,328
NO. OF SHARES ISSUED	:	500,000,000
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	27	3.69	17,630	0.00
1,001 – 10,000	338	46.17	2,344,200	0.47
10,001 – 1,000,000	352	48.09	20,430,300	4.09
1,000,001 & ABOVE	15	2.05	477,207,870	95.44
TOTAL	732	100.00	500,000,000	100.00

## TOP TWENTY SHAREHOLDERS AS AT 10 MAY 2022

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Y F CHEE HOLDINGS PTE. LTD.	215,655,720	43.13
SDB MINING SDN. BHD.	154,937,500	30.99
GREGER INTERNATIONAL SDN. BHD.	35,593,750	7.12
UOB KAY HIAN PTE LTD	25,099,000	5.02
CITIBANK NOMINEES SINGAPORE PTE LTD	12,024,700	2.40
SMITH ST INVESTMENT PTE. LTD.	7,328,125	1.46
PHILLIP SECURITIES PTE LTD	6,723,700	1.34
WESTERN CAPITAL SDN. BHD.	5,234,375	1.05
LOH CHEN YOOK	3,633,900	0.73
DBS NOMINEES PTE LTD	2,068,500	0.41
LOONG CHING HONG	2,026,000	0.41
RAFFLES NOMINEES (PTE) LIMITED	1,967,200	0.39
LEOW FAN SIEW	1,810,000	0.36
MAYBANK SECURITIES PTE. LTD.	1,610,300	0.32
IFAST FINANCIAL PTE LTD	1,495,100	0.30
TIGER BROKERS (SINGAPORE) PTE. LTD.	741,500	0.15
WONG KEET WAI GRAEME	693,300	0.14
HSBC (SINGAPORE) NOMINEES PTE LTD	635,400	0.13
OCBC SECURITIES PRIVATE LTD	561,300	0.11
PETER WONG LEONG SIANG	553,100	0.11
TOTAL	480,392,470	96.07

# STATISTICS OF SHAREHOLDINGS

AS AT 10 MAY 2022

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Y F Chee Holdings Pte. Ltd.	215,655,720	43.13	–	–
Greger International Sdn. Bhd.	35,593,750	7.12	–	–
Dato' Sri Ivan Chee Yew Fei <sup>(1)</sup>	530	0.00	251,249,470	50.25
Ng Mun Fey <sup>(2)</sup>	–	–	35,593,750	7.12
SDB Mining Sdn. Bhd.	154,937,500	30.99	–	–
Selangor Dredging Berhad <sup>(3)</sup>	–	–	154,937,500	30.99
Teh Wan Sang & Sons Sdn. Bhd. <sup>(3)(4)</sup>	4,200,000	0.84	154,937,500	30.99
Teh Lip Bin <sup>(3)(4)(5)</sup>	–	–	159,137,500	31.83
Teh Lip Kim <sup>(3)(4)(6)</sup>	1,679,300	0.34	166,465,625	33.29

### Notes:

- Dato' Sri Ivan Chee Yew Fei is deemed interested in the shares of the Company held through the following companies:-
  - Y F Chee Holdings Pte. Ltd. – 215,655,720 (43.13%)
  - Greger International Sdn. Bhd. – 35,593,750 (7.12%)
 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.
- 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.
- 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.
- 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.
- 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.
- Teh Lip Kim is deemed interested in the shares of the Company held through the following companies:-
  - Smith St Investment Pte. Ltd. – 7,328,125 (1.46%)
  - SDB Mining Sdn. Bhd. – 154,937,500 (30.99%)
  - Teh Wan Sang & Sons Sdn. Bhd. – 4,200,000 (0.84%)
 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 10 May 2022, approximately 14.67% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalyst 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 by way of electronic means on Wednesday, 22 June 2022 at 11.00 a.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 2022 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 2022. **Resolution 2**
3. To re-elect Dato’ Sri Ivan Chee Yew Fei, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. *[See Explanatory Note 1]* **Resolution 3**
4. To re-elect Ms Teh Lip Kim, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. *[See Explanatory Note 1]* **Resolution 4**
5. To re-elect Mr Chew Wai Chuen, 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 28 February 2023, payable quarterly in arrears. (FY2022: S\$544,000.00) **Resolution 6**
7. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 28 February 2023 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:

- (i) 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 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;

# NOTICE OF ANNUAL GENERAL MEETING

- (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 annual general meeting of the Company or the date by which the next annual general meeting 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 annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

*[See Explanatory Note 3]*

## Resolution 9

### By Order of the Board

Dato' Sri Ivan Chee Yew Fei  
Executive Director and Chief Executive Officer

6 June 2022  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Dato' Sri Ivan Chee Yew Fei, the Executive Director and Chief Executive Officer ("**Dato' Sri Ivan Chee**"), is a substantial shareholder of the Company. Dato' Sri Ivan Chee is deemed interested in the shares of the Company held through the following companies:

- (a) Y F Chee Holdings Pte. Ltd. – 215,655,720 (43.13%)
- (b) Greger International Sdn. Bhd. – 35,593,750 (7.12%)

Dato' Sri Ivan Chee holds 100% and 70% (directly and indirectly) of the shares of Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. respectively. Dato' Sri Ivan Chee is also the director of Y F Chee Holdings Pte. Ltd. and Greger International Sdn. Bhd. respectively.

Dato' Sri Ivan Chee is the father of Ms Willa Chee Keng Fong, a Non-Executive and Non-Independent Director of the Company. Dato' Sri Ivan Chee will, upon re-election, continue to serve as a member of the Nominating Committee. Saved as disclosed, Dato' Sri Ivan Chee does not have any relationships including immediate family relationships between himself and the other Directors, the Company and the other substantial shareholders.

Ms Teh Lip Kim, a Non-Executive Director and Non-Independent Director of the Company, is a substantial shareholder of the Company. Ms 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 (1.46%)
- (b) SDB Mining Sdn. Bhd. – 154,937,500 (30.99%)
- (c) Teh Wan Sang & Sons Sdn. Bhd. – 4,200,000 (0.84%)

Ms 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, a company that hold the entire issued and paid up share capital of SDB Mining Sdn. Bhd.

Ms Teh Lip Kim is the sister of Teh Lip Bin and she is also related to Teh Wan Sang & Sons Sdn. Bhd., a company owned by the members of the Teh family, which include Teh Lip Kim. Both Teh Lip Bin and Teh Wan Sang & Sons Sdn. Bhd. are substantial shareholders of the Company and deemed to be interested in the 154,937,500 shares held by SDB Mining Sdn. Bhd. in the Company. Saved as disclosed, Ms Teh Lip Kim does not have any relationships including immediate family relationships between herself and the Directors, the Company and the substantial shareholders.

Mr Chew Wai Chuen, an Independent Director and Non-Executive Chairman of the Company will, upon re-election as a Director, continue to serve as Chairman of the Board and the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Chew Wai Chuen is considered independent for the purposes of Rule 704(7) of the Catalyst Rules. Mr Chew Wai Chuen 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 2022 (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.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The AGM will be convened and held, by electronic means 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 (the “**Order**”). Printed copies of the Proxy Form, this notice of Annual General Meeting (the “**Notice**”) and the AR will not be sent to members. Instead, this Notice, Proxy Form and AR will be sent to members by electronic means 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. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM of the Company to be held on Wednesday, 22 June 2022 at 11:00 a.m. are set out in the Company’s announcement dated 6 June 2022 (the “**Announcement**”), which has been uploaded together with this Notice on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day. The Announcement may also be accessed at the Company’s website at URL <https://www.fortress.sg>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice.

Members of the Company will be able to observe the proceedings of the AGM through a “live” webcast (“**LIVE WEBCAST**”) via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed (“**AUDIO ONLY MEANS**”) via telephone. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 11.00 a.m. on 14 June 2022, at the URL <https://globalmeeting.bigbangdesign.co/fortress2022/>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will on 21 June 2022 receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS, to observe the proceedings of the AGM to be held on 22 June 2022.

A member of the Company who registers to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the Meeting. To do so, all questions must be submitted by 11:00 a.m. on 14 June 2022 via the following:

- (a) pre-registration link at URL <https://globalmeeting.bigbangdesign.co/fortress2022/>; or
  - (b) email to [corporate@fortress.sg](mailto:corporate@fortress.sg); or
  - (c) post to the registered office at 77 Robinson Road #06-03 Robinson 77, Singapore 068896.
3. In accordance with the alternative arrangements under the Order, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
  4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
  5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
    - (a) if sent personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, 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](mailto:main@zicoholdings.com),
 in either case, by 11:00 a.m. on 19 June 2022, being not less than seventy-two (72) hours before the time appointed for holding the Meeting.

**In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.**

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or officer duly authorized. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore is applicable at this AGM.
7. For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares, to submit their votes at least seven (7) working days before the AGM that is by 11.00 a.m. on 10 June 2022.

# NOTICE OF ANNUAL GENERAL MEETING

## Personal data privacy:

By submitting (a) a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, or (b) Shareholder particulars for pre-registration to participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the AGM in accordance with this Notice or the Announcement, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (i) processing and administration by the Company (or its agents, advisers or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of pre-registration for participation at the AGM for purpose of granting access to Shareholders to the LIVE WEBCAST or AUDIO ONLY MEANS and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM from members received before the AGM and if necessary, any subsequent clarifications sought, or follow-up questions in respect of such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a member (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purposes.

# 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:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 6 June 2022 ("**Announcement**") which has been uploaded together with the Notice of AGM dated 6 June 2022 on SGXNET on the same day. The Announcement may also be accessed at the Company's corporate website at the URL <https://www.fortress.sg>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 6 June 2022 in respect of the AGM.
2. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. Please read the notes to this proxy form.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No/Company Registration No.)

of \_\_\_\_\_ (Address)

being a \*member/members of FORTRESS MINERALS LIMITED. (the "**Company**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**"), as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Wednesday, 22 June 2022 at 11:00 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the AGM to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as \*my/our proxy will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

***If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.***

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 28 February 2022 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 2022.			
3.	Re-election of Dato' Sri Ivan Chee Yew Fei as a Director of the Company.			
4.	Re-election of Ms Teh Lip Kim as a Director of the Company.			
5.	Re-election of Mr Chew Wai Chuen as a Director of the Company.			
6.	Approval of payment of Directors' fees of S\$592,000.00 for the financial year ending 28 February 2023, 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.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This instrument appointing the Chairman of the AGM as proxy must:
  - (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, 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](mailto:main@zicoholdings.com),in either case, by 11.00 a.m. on 19 June 2022, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

**In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.**

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. Investors who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) to submit their votes at least seven (7) working days before the AGM that is by 11.00am on 10 June 2022.

### General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. 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 6 June 2022.





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**FORTRESS MINERALS LIMITED**

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Singapore 068896

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