



fortress

FORTRESS MINERALS LIMITED



CREATING SUSTAINED VALUE

ANNUAL REPORT 2021



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This annual report has been prepared by the Company and its contents have 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.

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 with 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 United States Dollar against international iron ore indexes as practiced worldwide.

We are well-positioned to capture the growth, especially with our recent acquisition of Fortress Mengapur Sdn. Bhd. (formerly known as Monument Mengapur Sdn. Bhd.) and its subsidiaries (“**MMSB Group**”). With our strategic assets and operational expertise, 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 values employee safety and upholds integrity and honesty in its business practices. Our human capital is the foundation of our vision of becoming a multi-disciplinary premier iron ore player in the region.

VISION

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

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

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

MISSION

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

8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6538 0779
Fax: (65) 6438 7926
Email: zh-zicocorporateservicessg@zicoholdings.com

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

8 Robinson Road
#03-00 ASO Building
Singapore 048544

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

Standard Chartered Bank (Singapore) Limited

8 Marina Boulevard, #27-01
Marina Bay Financial Centre Tower 1
Singapore 018981

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, it is with great pleasure that I present to you our annual report for the financial year ended 28 February 2021 (“**FY2021**”).

In our second year of listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Fortress remained resilient amidst an extraordinarily challenging year. The resilience and success achieved were measured not just on financial returns but in our ability to protect our employees, sustain our operations, and advance our growth in a secure and efficient manner.

We continue to dedicate our efforts to ensuring the wellbeing of our team and their families, as we build a sustainable future for the business.

Improving lives

As the Covid-19 pandemic persists, so too does our vigilance in protecting our workforce. The safety and wellbeing of our workforce remains a priority as we continue to foster a nurturing working environment, which is one of the pillars that supports our vision of becoming a premier iron ore player in the region.

The appropriate health, hygiene and distancing measures remain in place to keep our people safe while ensuring our operations remain unimpeded and for the delivery of our high-quality product and service to our customers to remain uninterrupted. We would like to express our sincere appreciation to all our staff

for their joint efforts in maintaining a conducive environment for Fortress to prosper in. Through the collaborative efforts of all internal stakeholders, not only were we able to keep our entire workforce fully salaried through several movement control orders (“**MCO**”), but we were able to ensure zero incidence of infections or work-related fatalities to produce yet another milestone year for Fortress in our most challenging year yet.

It has taken fortitude to surpass what we had set out to do since our listing in 2019, and the result is a business that is well-positioned for long-term, sustainable growth in a competitive business environment.

Embracing community

During the Covid-19 pandemic, the government actively adopted measures to take the lead in controlling the pandemic, resume business and production, and achieving remarkable results in economic growth. As governments around the world continue to support their people, we too recognise our role in helping the communities close to our operations.

The success of our business is lost if we cannot find similar success in the communities that support us. As part of our efforts to reciprocate the support shown by the local community, we continue to employ locals and provide training and skills development. In FY2021, over 97% of our workers were sourced locally. In addition, we contributed approximately RM0.1 million to the Malaysian Human Resource Development Fund to develop training and support resources, reflecting our commitment to invest in people.

CHAIRMAN'S MESSAGE

We also source goods and services locally to create opportunities for economic participation that benefit local suppliers and create employment. In FY2021, 86.5% of our expenditures were with local suppliers.

Social responsibility and community development continues to be 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 FY2021, we had made contributions to provide operating support to Malaysia's Haemodialysis Centre, and also to other charitable organisations with the mission to assist those impacted by the pandemic, and to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly.

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. Despite the amendments to Rule 705 of the Catalist Rules last year which no longer required the Company to release its financial statements on a quarterly basis, we decided to continue quarterly reporting of our financial statements voluntarily, with the view of maintaining regular, consistent and transparent communications with shareholders and potential investors. By implementing high standards of financial information disclosure and providing clear and timely updates to all our shareholders, Fortress aims to be a leading choice for investors in the sector.

The management also continues to keep an open dialogue with the investing community and has held and participated in several results briefings and non-deal roadshows throughout the year.

Our efforts to maintain open communications with the investing community also resulted in an initiation by Phillip Securities with a 'Buy' call on Fortress in December 2020.

Broader investor communication also takes place via our corporate website at www.fortress.sg as well as through our annual reports and annual general meetings.

Rewarding shareholders

FY2021 was certainly another successful year for Fortress as we continued to leverage our strategic assets, operational capabilities, and leading practices to produce our best results yet. We value the support our shareholders have given us and since our listing in 2019, we have continued to surpass our intentions of distributing not less than 10.0% of our Group's net profit after tax ("**NPAT**") for FY2019 and not less than 15.0% of our Group's NPAT for FY2020. FY2021 was no different as we declared and paid a total interim dividend of 1.0 Singapore cents per share amounting to S\$5.0 million to reward shareholders for their support. This surpassed our IPO target of distributing not less than 20.0% of our Group's NPAT for FY2021.

Our goal is to continue to maximise shareholder value. Going forward, we aim to have a sustainable dividend payout from our profit and we will continue to evaluate the best means to reward shareholders and enhance shareholder value through growth and dividends.

Appreciation

On behalf of the Board, I would like to thank all our employees and senior management team for their adaptability and resilience in driving our business forward in these challenging times. I would also like to extend our appreciation to our valued customers, business associates and financiers who continue to support and put their trust in us.

My sincere appreciation also goes out to my fellow directors and colleagues for their insight which has helped add purpose and value to the work that we do.

In the face of an uncertain global environment, I believe that the quality of human capital at the Group and our strategic approach to establish a sustainable operation, continues to position us favourably for future successes.

Together, we will protect the successful business that we have built and the safety of our workforce which supports it. We will face the challenges head on and with confidence as we take our next steps to becoming a premier iron ore player in the region.

Chew Wai Chuen

Chairman and Independent Director



CEO'S MESSAGE



Dear Shareholders,

I am delighted to share with you Fortress Minerals' annual report for FY2021.

As a leading iron ore concentrate miner and exporter in Malaysia, we have continued to build up our capabilities since our listing in 2019. Creating a sustainable business has become an increasingly central focus for us, to ensure we build a company that would stand the test of time, especially in this competitive environment in the new normal. Our continued efforts have resulted in another milestone year for the Group, having been able to efficiently increase our production output to meet the strong customer demand. We have accomplished this whilst keeping our workforce healthy and safe, as well as contributing to the economic growth and social development of the communities we operate in. Our Group is well-positioned to grow intelligently to capture the positive outlook of the industry as demand continues to grow and economies recover.

We remain committed to becoming a multi-disciplinary premier iron ore player, and we are a step closer with our recent acquisition of the MMSB Group. Through our extensive expertise and experience with the Bukit Besi mine, as well as our strong relationships within the regional mining ecosystem, we expect to resourcefully develop the assets held by the MMSB Group and expedite the commencement of operations at Mengapur to meet the increasing demand of our customers, create jobs in the communities we operate in, and unlock value for our shareholders.

Operation Review

For FY2021, our Group sold 452,756 dry metric tonnes ("DMT") of iron ore representing 67.9% increase in sales volume year-on-year ("yoy"). This was despite the Covid-19 pandemic and the MCO in Malaysia on 18 March 2020, which resulted in the ceasing of all business activities. We were able to obtain the relevant approvals from the Ministry of International Trade and Industry ("MITI") and resumed mining and processing activities on 29 April 2020.

As we had taken early initiatives to protect the safety of our workforce and the integrity of our operations, all planned mining and processing activities, including further exploration and geology work at Bukit Besi mine, were completed on track for FY2021. Our team of in-house geologists continued to expand our exploration at the East, Valley and West Deposits, widening and deepening the pits to ensure we have sufficient available material for cost-efficient growth. Our resource levels remain healthy with 5.78 million tonnes ("MT") of Indicated and Inferred Mineral Resources with an average grade of 45.90% Fe as at 28 February 2021.

CEO'S MESSAGE



Further to our successes at Bukit Besi, we continued to maintain strong relationships with our business partners and the regional iron ore ecosystem at large. We were pleased to update on 7 October 2020 that we secured a new offtake agreement with a domestic steel mill to deliver approximately 400,000 wet metric tonnes (“WMT”) from 1 September 2020 to 31 August 2021. This positive development allows us not only to secure revenue for the agreed period but to further integrate our value chain with our customers, increasing cost and productivity efficiencies. We also delivered to regional markets such as the PRC and Vietnam, underscoring our strong relationships beyond the local downstream players with steel mills in the region.

Looking ahead, we are well-positioned to continue the growth and expansion of Fortress. The acquisition of the MMSB Group, which comprise the entire tenements held by its wholly owned subsidiaries Cermat Aman Sdn. Bhd. (“CASB”) and Star Destiny Sdn. Bhd. (“SDSB”) (together, “Mengapur”) has added 951.68 hectares of exploration area to the 526.2 hectares at Bukit Besi. Following the completion of the acquisition of MMSB on 7 April 2021 and taking into account the Mineral Resource estimates of the Bukit Besi mine as at 28 February 2021, the Group’s Inferred Mineral Resource has increased to 16.22 MT with an average grade of 37.86% Fe in addition to the Bukit Besi Indicated Mineral Resource of 0.28 MT with an average grade of 42.57% Fe, all from within magnetite mineralisation domains. We believe that with our experience and expertise with Bukit Besi, we have the blueprint for developing the MMSB Group successfully and efficiently. The MMSB Group also shares similar favourable technical qualities as Bukit Besi and has a strategic location with supporting infrastructure. Together with favourable geological attributes which make for ease of exploration, these enable cost advantages for the Group.

Overall, greater exposure to the same key mineral resource in iron ore will create synergies by leveraging existing downstream distribution lines to deliver greater volumes on an accelerated basis to meet growing demand. This creates significant value for the Group through cost savings and other volume-driven benefits.

Financial Review

Revenue and Profitability

FY2021 saw Fortress deliver an outstanding set of financial results with a record revenue of US\$47.7 million, or an 84.1% increase yoy. This was due to the quality of our people, portfolio and operations which has allowed our business to remain resilient and added to our positive track record. Strong operational performance and resilient demand from regional markets enabled the Group to take advantage of the rising price environment to boost iron ore deliveries by 67.9% yoy, with 452,756 DMT of iron ore sold at a higher average realised selling price of US\$105.43/DMT, up 9.9% yoy. While selling prices increased, we kept our costs low, trimming average unit cost of sales by 21.5% yoy to US\$22.62/WMT.

Our strong performance enabled us to lock in a gross profit of US\$36.5 million for FY2021 and a high gross profit margin of 76.4%, which has steadily improved from 66.7% in FY2020 and 63.2% in FY2019.

For FY2021, the Group achieved superior EBITDA of US\$26.6 million and EBITDA margin of 55.7%. Our Group’s NPAT increased by an outstanding 180.8% or US\$11.7 million to US\$18.2 million with an NPAT margin of 38.2%. Meanwhile, earnings per share for FY2021 increased 177.9% to 3.65 US cents.

Financial Position

The Group’s net assets increased to US\$48.4 million as at 28 February 2021 from US\$29.6 million as at 29 February 2020 mainly due to an increase in retained earnings of US\$17.7 million and favourable exchange difference on translating foreign operations.



CEO'S MESSAGE

As at 28 February 2021, the Group had cash and cash equivalents of US\$7.8 million and recorded a positive working capital position of US\$24.8 million.

Net asset value per share was 9.68 US cents as at 28 February 2021 compared to 5.92 US cents as at 29 February 2020, demonstrating our strengthening balance sheet and healthy financial performance.

Cash Flow

For FY2021, the Group's net cash generated from operating activities increased to US\$15.8 million from US\$9.2 million in FY2020, after accounting for increase in operating profit before working capital changes of US\$14.0 million and adjusted for working capital outflow of US\$7.0 million.

During FY2021, the Group continued to invest an aggregate sum of US\$3.9 million in exploration and evaluation assets and plant and equipment at our Bukit Besi mine as compared to US\$6.4 million in FY2020. The decrease is a result of the due diligence exercise performed on the acquisition of the MMSB Group and major processing plants being successfully commissioned in FY2020. The Group also invested US\$9.0 million in FY2021 as partial consideration paid for the acquisition of the entire issued and paid-up share capital of the MMSB Group.

The Group's net cash flow in financing activities decreased by US\$11.4 million to cash outflow of US\$5.9 million in FY2021, primarily attributable to prompt repayments of borrowings and lease liabilities, full settlement of shareholders loan, and absence of one-off IPO proceeds of US\$10.5 million.



CEO'S MESSAGE

Bukit Besi Mine Mineral Resource

All through FY2021, we continued to carry out exploration and evaluation activities at our East, Valley and West Deposits at our Bukit Besi mine. A discovery in the Valley deposit area and extension of the West deposit to the north from our continuous drillings continue to replenish our Mineral Resources despite depletion due to mining and our record sales for FY2021. The global reduction of our Mineral Resources from 7.18 MT as at 29 February 2020 to 5.78 MT as at 28 February 2021 was due to; detailed assessment with an overall reduction in the assigned bulk densities, volume reductions in the southern portion of the West and eastern part of the East mineralisation domain wireframes, and a change to the estimation methodology. The non-linear Localised Uniform Conditioning (“LUC”) method is used at the West and Valley deposits to estimate the grades and density into Selective Mining Unit (“SMU”) sized block. This block estimation method better models the skewed sample distributions but often reduces the recoverable tonnes at a cut-off grade below the average grade. Overall, this estimation method will allow us to plan better our mining schedule and future exploration and processing workstreams.

MinOre Consulting Pty Ltd (“MinOre”), our independent consultants, has prepared the updated Mineral Resource estimate to include new drilling information and mining depletion as at 28 February 2021. 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. This Mineral Resource update for the Bukit Besi mine was announced in our FY2021 financial results announcement uploaded onto SGXNet on 21 April 2021 and on our corporate website. The following summary of the Bukit Besi Mineral Resources is formatted following the requirements set out in Appendix 7D of the Catalyst Rules.

Date of report: 20 April 2021

Date of the previous report: 2 June 2020

Bukit Besi Mineral Resource tabulation – 28 February 2021*

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	0.28	42.57	0.28	42.57	-18.1	None
West	Inferred	Iron	1.14	44.26	1.14	44.26	-42.2	None
Valley	Inferred	Iron	3.58	48.45	3.58	48.45	3.0	None
East	Inferred	Iron	0.77	37.73	0.77	37.73	-26.6	None
Total Indicated + Inferred		Iron	5.78	45.90	5.78	45.90	-14.6	None

Note:

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

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

Date: 20 April 2021

Professional Society Affiliation/Membership: Australasian Institute of Mining and Metallurgy (MAusIMM).

Cautionary Statement:

There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in the conversion to Indicated Mineral Resources or that the outcome of any preliminary economic study will be realised.

JORC Competent Person Consent Statement

The Competent Person responsible for the preparation and reporting of the Bukit Besi Mineral Resource estimates is Leesa Collin, who is a Director and Principal Geology Consultant 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”.

JORC Competent Person Consent

Leesa Collin consents to the inclusion in the Annual Report of 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.

CEO'S MESSAGE

Mengapur Mineral Resource

Mengapur's magnetite Mineral Resources are somewhat similar to that of Bukit Besi. At Bukit Besi the Group has demonstrated this style of mineralisation to be economical and able to yield consistent high-grade magnetite concentrate, which the Group's local foreign customers highly demand. With Mengapur's strategic location and existing infrastructure, together with our existing technology and know-how that the Group currently possesses from the Bukit Besi mine to achieve low-cost mining and processing, the Group expects to commence production of iron ore at Mengapur expeditiously. 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 14.77 MT of Inferred copper Mineral Resources which if encountered, will be stockpiled for future processing after evaluation.

As part of the acquisition of MMSB, the Company commissioned Valuation and Resource Management Pty Ltd ("VRM") to prepare an independent qualified person's report (the "**Independent Qualified Person's Report**") on Mengapur. The Independent Qualified Person Report with Deborah Lord, Director of VRM as the Qualified Person, was uploaded onto SGXNET on 1 February 2021 as an Appendix to a Circular to Shareholders. This report referred to a Mineral Resource update that separated the iron resources into massive magnetite and brecciated magnetite mineralisation domains and the copper resources into pyrrhotite-hosted and skarn-hosted mineralisation domains. Leesa Collin, working as an Associate of VRM, prepared the Mineral Resources report 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: 15 December 2020

Date of the previous report: 29 October 2018

Mengapur Inferred Mineral Resource tabulation – 26 October 2020*

JORC Category	Mineral Type	Gross Attributable to Licences ¹						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	N/A	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	N/A	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	N/A	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	N/A	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	-22%	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	N/A	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. The copper Mineral Resources previously reported by MMSB were current at June 2020. The total change from the previous update calculated from copper in the skarn and pyrrhotite domains only.
3. The magnetite Mineral Resources reported above a 25% Fe cut-off. The Competent Person is not aware of previous public magnetite resources reported for the Project.

* 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 CASB and SDSB boundaries. Some discrepancies may occur due to rounding.

CEO'S MESSAGE

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

Date: 15 December 2020

Professional Society Affiliation/Membership: Australasian Institute of Mining and Metallurgy (FAusIMM/MAusIMM).

Cautionary Statement:

There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in the conversion to Indicated Mineral Resources or that the outcome of any preliminary economic study will be realised.

JORC Competent Person Consent Statement

The Competent Person responsible for the preparation and reporting of the Mengapur Mineral Resource estimates is Leesa Collin, who is a Director and Principal Geology Consultant 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".

JORC Competent Person Consent

Leesa Collin consents to the inclusion in the Annual Report of matters relating to the estimation and reporting of the Mengapur Mineral Resources based on her information in the form and context in which they appear.

Outlook

We remain positive on the outlook of iron ore, of which prices continue to steadily increase, and which is supported by strong steel demand and an expected recovery of the economy.

We continue to focus on increasing our Mineral Resource through exploration at the Bukit Besi mine, as well as efforts to optimise processing capabilities to improve overall production tonnage and cost efficiencies, which we have significantly improved in FY2021. Our strong relationships within the regional mining ecosystem, secured offtake agreement and strong sales order book, as well as healthy working capital cycles, continue to support our success.

The Group remains in a healthy financial position and with the present price of iron ore concentrate and the cash reserves of the Group, we have adequate funds for next year's operating requirements and for the Group to continue building on its success.

Notwithstanding the acquisition of the MMSB Group, Fortress continues 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 services.

Acknowledgements

I am heartened by the immense support that we continue to receive from our business associates, customers, stakeholders and people who contribute to our success. We will strive to continue to safeguard the safety and wellbeing of our staff and preserve the strong relationships we have built throughout the region.

I would also like to express my gratitude to our Board of Directors for their strategic counsel, guidance, and assistance to Fortress' management as we continue to navigate the business through the challenges ahead.

The success that we have achieved so far would not have been possible without each and every one of your continued trust and effort in our business. We look ahead into the financial year ending 28 February 2022 ("FY2022") as a year filled with opportunities for our Group to progress a step closer to our aim of being a premier iron ore player in the region.

Thank you.

Dato' Sri Ivan Chee

Executive Director and CEO
Fortress Minerals Limited

KEY FINANCIAL HIGHLIGHTS



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

Note:

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

GROUP STRUCTURE

AS AT 18 MAY 2021

FORTRESS MINERALS LIMITED

100%
FORTRESS MINING SDN. BHD.

100%
FORTRESS DREDGING SDN. BHD.

100%
FORTRESS RESOURCES PTE. LTD.

100%
FORTRESS METALS SDN. BHD.

100%
FORTRESS MENGAPUR SDN. BHD.
(FORMERLY KNOWN AS MONUMENT
MENGAPUR SDN. BHD.)#

100%
FORTRESS SHARED SERVICES SDN. BHD.*

80%
FORTRESS DRILLTECH SDN. BHD.*

100%
FORTRESS LOGISTICS SDN. BHD.

100%
FORTRESS INDUSTRIES SDN. BHD.

75%
FORTRESS FE SDN. BHD.

100%
GERMAT AMAN SDN. BHD.

100%
STAR DESTINY SDN. BHD.

* Incorporated after financial year ended 28 February 2021.

Acquisition completed on 7 April 2021.

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	MYR3,500,000 comprising 3,500,000 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. ⁽¹⁾	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. ⁽¹⁾	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. ⁽¹⁾	8 April 2020/ Malaysia	MYR1,500,000 comprising 1,500,000 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals
Fortress FE Sdn. Bhd. ⁽¹⁾	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

AS AT 18 MAY 2021

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. ⁽¹⁾	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. ⁽¹⁾	12 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 & 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 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 Analytics Specialist for IPGA Management Services Sdn. Bhd. (REA Group Asia) particularly focused on the area of online Analytics and Insights across businesses.

She 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.

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 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

Our Approach to Sustainability

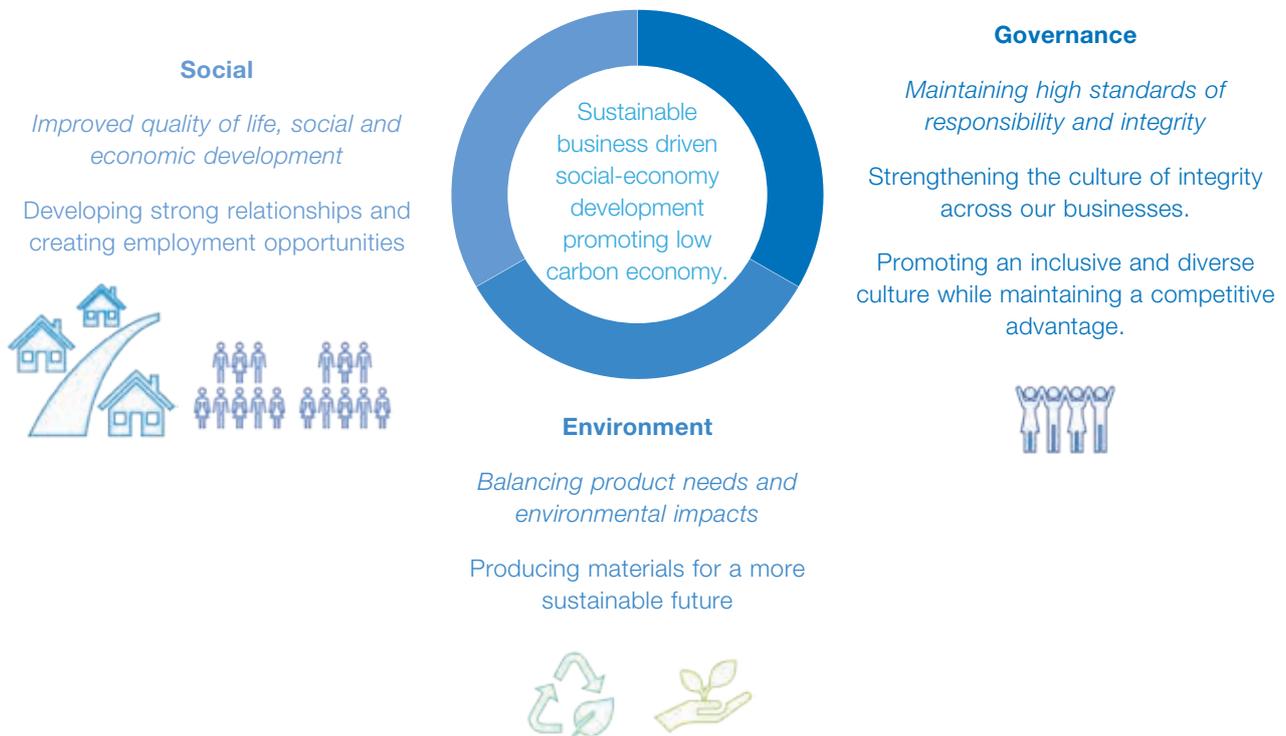
Fortress is dedicating our effort to exploring new opportunities, building a sustainable business, and ensuring the wellbeing of our people. We are committed to value creation to optimise the wealth of our stakeholders.

Sustainability is central to the way we work. It means putting health and safety first, being environmentally responsible and supporting our community. We believed a sustainable operation will promise long term profit that will allow us to invest in our community, contribute to economic growth and social development while minimising the potential effects of our operations on the environment and community.

We believe that our minerals products have a role in promoting a low-carbon future. **Iron ore**, the key ingredient used in manufacturing of steel is a fundamental building block to promote energy-efficient building and infrastructure. Fortress as a regional iron ore producer, wants to be part of the solution.

Our Sustainability Strategy

“To create long-term value by safeguarding the sustainability of our operations with the support of the community in which we work.”



Our Reporting Framework

This sustainability 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**”) and is guided by the Global Reporting Initiative sustainability standards – Core Option (“**GRI Standards**”). The Board reaffirms our commitment to sustainability with the publication of our sustainability report guided by the 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. A GRI index included at the end of the report indicates the location of the relevant disclosures.

SUSTAINABILITY REPORT

To promote a clear reporting framework in our sustainable development performance and approach, we perform a materiality assessment in our reporting processes. It helps us to focus on which material topics and indicators reflect the Group' significant ESG issues which impacts our stakeholders and our business. The Board is committed to run this process annually as part of our corporate reporting cycle to ensure that we provide useful information for our stakeholders in making their economic decisions.

We prioritise and present those matters that could have the greatest relevance and highest potential impact to our business and relationship with stakeholders. (Refer to- *“Reporting what matters- Material Environmental, Social and Governance Factors”*)

Board statement

In developing the content of this sustainability report, the Board endeavours to integrate and report our sustainability dimension and has considered material Environmental, Social and Governance (“**ESG**”) factors as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors. The Board looks to integrate these core values into our decision-making and actions by considering the needs of our stakeholders and finding new and innovative solutions that create mutual benefit.

We have a structured sustainable development strategy that enables us to deliver leading performance and effectively manage risks. This is supported by our corporate strategies that lay down the minimum acceptable requirements for behaviour or operating conditions.

Our sustainability strategy is developed and directed by the senior management of the Company in consultation with the Board of Directors. The team led by our Group CEO is tasked to, amongst others, develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets.

Reporting what matters – Material Environmental, Social and Governance Factors

Material ESG Factors	Topic coverage		
Environment <ul style="list-style-type: none"> Climate change Environmental performance 	Climate change We produce iron ore mineral that are required to build sustainable cities for a low-carbon future.	Environmental performance We continually look for ways to improve our performance and apply controls to minimise related health or environmental impacts.	
Social <ul style="list-style-type: none"> Economic contribution Safety Communities 	Economic contribution We work hard to leave a positive legacy everywhere we work through our economic contribution and to bring opportunity, stability, and supports to our communities.	Safety Providing our people with a healthy workspace to ensure their safety and wellbeing with the vision that everyone goes home safe each day of their working life.	Communities Developing strong relationships and strive to create an inclusive, fair, and resilient communities beyond our direct involvement.
Governance <ul style="list-style-type: none"> Anti-bribery and corruption Inclusion and diversity 	Anti-bribery and corruption Adhering to the highest level of honesty, integrity and transparency in communicating our processes and performance to maintain trust and confidence of stakeholders.	Inclusion and diversity We want to create an environment where every voice is heard, and respected, and every employee is empowered, and has equal access to opportunity.	

SUSTAINABILITY REPORT

Our contribution to the United Nations Sustainable Development Goals (SDGs)

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

(refer to topic on "Anti-bribery and corruption")



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

(refer to topic on "Economic contribution")



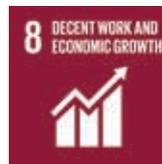
Achieve gender equality and empower all women and girls.

(refer to topic on "Inclusion and gender diversity")



Ensure access to affordable, reliable, sustainable and modern energy for all.

(refer to topic on "Balancing products need and environmental effect")



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

(refer to topic on "Economic contribution")



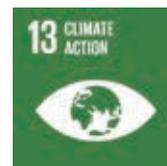
Reduce inequality within and among countries.

(refer to topic on "Economic contribution" and "Inclusion and gender diversity")



Ensure healthy lives and promote well-being for all at all ages.

(refer to topic on "Safety")



Take urgent action to combat climate change and its impacts.

(refer to topic on "Respect for the environment")

SUSTAINABILITY REPORT

Our Sustainability Strategy

Environmental	Social	Governance
<p>Balancing product needs and environmental impacts</p> <p><i>Producing materials for a more sustainable future</i></p>	<p>Improved quality of life, social and economic development</p> <p><i>Developing strong relationships and creating employment opportunities</i></p>	<p>Maintaining high standards of responsibility and integrity</p> <p><i>Strengthening the culture of integrity across our businesses</i></p>
<p>Success is measured by the value the community places on our presence and whether we achieve economic and environmental sustainability.</p> <p>Since the inception of our listing on the Catalist Board of SGX, our co-founder cum CEO and the Board has clear strategic direction to produce mineral material that supports economic growth and promotes a more sustainable future.</p> <p>Environmental risks and opportunities have formed part of our strategic thinking and investment decisions since inception and for a foreseeable future. The Board passionately believed that our business has a role to play in the transition to a low-carbon economy.</p> <p>The Management and operational team recognised that our obligation towards environment impact is on-going. We had since performed regular turfing works to ensure environmental safety. In addition, we also appointed independent consultants to facilitate in monitoring environmental impact from our operations.</p> <p>The Board aims to maintain full compliance with the environmental rules and regulations governing our mine operations.</p>	<p>Transparency and accountability are fundamental to building trust. Fortress's business model is premised on trust and public acceptance.</p> <p>The Board recognised that we must earn the trust of our community and demonstrate our contribution to long-term social value. We are making good progress in meeting our performance targets.</p> <p>We assess our financial performance not solely based on our profits, but also by the economic contributions we make to our shareholders, employees, and many other stakeholders. We create a sustainable net benefit to local economies by providing employment opportunities, procurement, and the transparent payment of tax and dividends.</p> <p>The Board believed that social value should be delivered to our community over a period of time, and not just in a short time interval. Hence, to derive sustainable long-term values to our community and stakeholders, our strategy option needs to be aligned with this maxim.</p> <p>We also recognise that our business is a major source of jobs and opportunities – and we take this responsibility seriously.</p>	<p>We find, mine and process iron ore that fulfils the society's needs.</p> <p>Adhering to the highest level of honesty, integrity, and transparency in communicating our processes and performance is vital in maintaining trust and confidence of stakeholders.</p> <p>The Board is dedicated to open and transparent dealings with our stakeholders. Information on the Group's operational, financial, and sustainable development performance is issued on time via press releases, regulatory filings and announcements made via SGXNET.</p> <p>We are committed to doing business with maximum integrity, transparency and accountability.</p> <p>People are our priority. Building a diverse and inclusive workforce is essential to maximising the value of our contributions to stakeholders.</p> <p>The Board is committed to create an environment where every employee is empowered and has equal access to opportunities. We have clear targets to improve the proportion of women in our organisation and our leadership.</p>

SUSTAINABILITY REPORT

Environmental	Social	Governance
<p>Our contribution</p>	<p>Our contribution</p>	<p>Our contribution</p>
<p>In FY2021, we continue to monitor our environmental compliance and achieved zero major environment incidents.</p> <p>The Board recognised the significance of environment risk and acknowledged that the way we work and operate is more important than the tonnes we delivered.</p> <p>This is also critical to upholding our licence to operate while fulfilling our ambitions to deliver long term social and economic contribution to wider community and stakeholders.</p>	<p>Our business is often the major source of jobs and livelihoods. This can be demonstrated via our relationship with our suppliers, customers, regulatory authorities and enlarged societies and community where we operate. We take this responsibility seriously.</p> <p>In FY2021, we made a total economic contribution of US\$29.7 million. We employed about 298 people and work with more than 300 suppliers, supporting the employment and livelihoods of our community.</p> <p>In term of safety measure, the Group entered FY2021 with a good start and delivered positive safety performance across our operations with no fatalities recorded.</p>	<p>Our focus on women in leadership resulted in approximately 1/3 of women participating in senior management in FY2021.</p> <p>The Board is committed to continue its focus on the representation of women across all levels and in all disciplines.</p>

“Our commitment to sustainable development helps us remain as a long-term business.”

SUSTAINABILITY REPORT

Engaging with Our Stakeholders

We aim to be a good neighbour across all our operations and build relationships that shares benefits and secure community support for our works

	Stakeholders	Concern Areas	Addressing Expectations	Frequency As and Throughout when Annually
Environmental	All Our people, Our community, Government and regulator	Safety, health and environmental performance	Site visits and audits Site inspections and engagement with Department of Occupational Safety and Health ("DOSH") in designing control measures to tackle safety and wellbeing of workforce as well as environmental compliance.	• •
Social	Our customers	Product quality Pricing and contracts	Upholding brand promise and product quality excellence Personal Communication and Contract negotiations	• •
	Our suppliers	Fair treatment Professional and transparent procurement Timely payments	Day-to-day engagements Contract negotiations Anti-bribery and corruption policy Maintain reliable payment processes and account payables function for timely payments	• • • •
	Our communities	Community engagement: <i>Employment and procurement opportunities</i> Upholding the interests of stakeholders	Investing in community Whistle-blower policy Emphasis on local hires and purchases	• • •
	Government and regulatory agencies	Taxes and royalties Compliance with regulations Safety workplace and wellbeing of workforce	Timely report submissions and payments to government Compliance with all relevant laws and regulations, including but not limited to the Catalist Rules and Code of Corporate Governance 2018 Site inspections and engagement with DOSH	• • •

SUSTAINABILITY REPORT

	Stakeholders	Concern Areas	Addressing Expectations	Throughout	Frequency As and when	Annually	
Governance	Our employees	Employees' safe and healthy environment	Fair and safe workplace practices	•			
			Site inspections (on a quarterly basis)	•			
		Workplace diversity/inclusion	Recruitment Policy			•	
		Wages and benefits	Annual review on payroll package and recruitment packages			•	
	Our Shareholders/ Investor	Effective business strategies focused on growth	Annual general meeting				•
			Extraordinary general meeting			•	
		Effective communications and timely reporting	Announcement made via SGXNET and on the corporate website Quarterly financial results announcement and press release Analyst briefings	•	•		
	Fair trade practice	Anti-bribery and corruption policy	•				

SUSTAINABILITY REPORT

FY2021 Our Sustainability Performance Measurement

FY2021 Performance measurement*			
	Performance indicator and Targets for FY2021 and FY2022	Status [#]	FY2021 performance
Environmental	Zero Incident of environmental non-compliance	Achieved	Significant environmental events 0
	Full Compliance with environmental laws and regulations	Achieved	Compliance with environmental laws and regulations 100%
Social	At least 80% Local ⁽¹⁾ economic benefits from employment	Achieved	Local staffs employed 97.7%
	At least 80% Procurement of goods and services locally ⁽¹⁾	Achieved	Partnered with local suppliers 94.0%
	ZERO Whistle-Blower Complaints	Achieved	Whistle-Blower Complaints 0
	ZERO work-related fatalities	Achieved	Workplace fatalities 0
	Year-on-year improvement of our total recordable injury frequency ("TRIF") ⁽²⁾ <i>* Per 200,000 hours worked.</i>	N/A- First year	Total recordable injury frequency ("TRIF") 0.40 per 200,000 hours worked
Governance	Zero Bribery and corruption practice and charge	Achieved	Bribery and corruption charge 0
	1/3 or 37.5% female representation at board level	Achieved	Female employment in board composition 37.5%
	Increasing female employment in business [^] <i>^ executive and managerial level</i>	N/A- First year	Female employment in executive and managerial⁽³⁾ position 30.9%

* No comparative results shown as this is the Group's first sustainability report.

[#] The compliance status for each performance indicator is evaluated based on the Group's target set for FY2021.

Footnotes:

- (1) Local/Locally : Comprises the regions/countries where the Group and its subsidiaries operate, i.e., Malaysia and Singapore.
 (2) TRIF : TRIF is calculated based on the number of recorded work-related injuries divided by annual number of hours worked (i.e. manhours for FY2021) and multiplied by standard 200,000 hours.
 (3) Executive and managerial : Comprises Administrative and Finance function in both corporate offices and site offices as well as supervisory positions and above.



Environmental

“Balancing product needs and environmental impacts
Producing materials for a more sustainable future.”

Our ambitions and target

Zero

Incident of environmental non-compliance

100%

Compliance with environmental laws and regulations

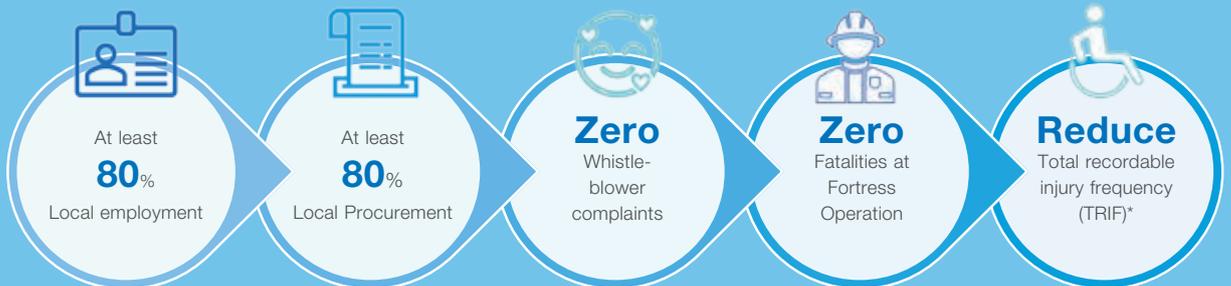


Social

Our People and Community

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

Our
ambition
and
Target



*per 200,000 hours worked

SUSTAINABILITY REPORT

Social

Our Community

Building trust and solid relationships with our community

Our Approach

Our operations can make a substantial economic contribution to the regions and countries in which we operate:

Employment



Hire locally and build a stronger local workforce.

Government



Supports economic health and development of the region where we operate.

Supplier



Source locally to create opportunities for economic participation that benefit local suppliers.

Community



Building goodwill, support of civic and welfare of our community,



Our Economic Contribution



US\$ **29.7** Million
Total Economic Contribution

<p>Employees</p> <p>Employee expenses for salary, wages and incentives</p> <p>US\$ 6.1 M</p>	<p>Supplier</p> <p>Payments for the purchase of goods and services⁽¹⁾</p> <p>US\$ 17.1 M</p>	<p>Shareholders & lenders</p> <p>Dividend payments⁽²⁾ Interest payments⁽³⁾</p> <p>US\$ 0.6 M</p>	<p>Governments payment</p> <p>Taxes⁽⁴⁾ Royalties</p> <p>US\$ 5.8 M</p>	<p>Social investment</p> <p>Donation-in-kind Social programmes</p> <p>US\$ 0.1 M</p>
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(1) Exclude license, processing and registration fee, staff reimbursement, bank charges, foreign exchange, and non-cash depreciation and amortisation charges.
 (2) Exclude dividend declared but paid subsequent to FY2021.
 (3) Exclude lease interest expenses.
 (4) Include services tax and tax installments paid to tax authorities during FY2021.

SUSTAINABILITY REPORT

Social

Economic contributions

Cementing our relationship with communities: Get our engagement right by respecting our communities' rights, doing no harm and listening.

1 Employment

We strive to hire locally where possible. We aim to create a stronger local workforce.

Our contribution to inclusion and diversity



We employ over 200 employees in our operation. In FY2021, over 97% of our workers were sourced locally.

In addition, we contributed RM 0.1 million to the Malaysian Human Resources Development Fund ("HRDF") as part of developing the training and support resources for our community employed. This reflects our commitment to invest in our people, so they have the right skills with clear career pathways.

2 Government revenues

Through our tax contributions and royalty payments to the governments, we indirectly support the economy and countries where we operated.

Our contribution to government revenue in FY2021



In FY2021, the Group paid taxes and royalties, of which the majority was paid in Malaysia, home to our business.

Our contribution supports economic health and development of the region where we operate.

3 Suppliers

Where possible, we buy goods and services locally to create opportunities for economic participation that benefit local suppliers and create employment.

Our contribution to suppliers in FY2021:



In FY2021, 86.5% of our expenditures were with local suppliers.

Of the US\$17.1 million paid to approximately 366 suppliers in the region where we operate, US\$14.8 million was paid to local suppliers in the community in which we operate.

4 Investing in community

This includes investments and contributions that benefit our community, businesses, and governments in the countries where our operations operate.

Our contribution to community investment

FY2021: Donations contributed by Fortress Group.

Malaysian Healthcare	Community	RM 120,000
Malaysian (Others)	39%	RM 59,400
	61%	
Singapore	Business	SG\$25,000

Malaysia

In FY2021, we had made contribution to Malaysian's Haemodialysis Centre to provide operating support to them.

We also contributed to other charitable organisations with the mission to assist local groceries that were impacted by the COVID-19, and provision of school uniforms to indigenous children.

Singapore

We had shown our support to the SGX Bull Charge programme by contributing SG\$25,000 in FY2021 with the theme objective to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly.

We support



What we achieved

97.7%
291 (out of 298)
Local staffs employed

94.0%
344 (out of 366)
Partnered with local suppliers

SUSTAINABILITY REPORT

Social

Our People and Community

Building a zero-harm culture: The health and safety of our workers and contractors is fundamental to the way we work. We achieve nothing if we do not do it safely.

We support:



What we achieved

0
Workplace fatalities

0.40
Total recordable injury frequency (TRIF)*

** Per 200,000 hours worked*

We support:



What we achieved

0
Whistle-blower complaint

Safety

We are working to achieve our vision of everyone going home safe and healthy every day.

Our Approach

Our safety strategy focuses on eliminating fatalities and reducing injuries across our business functions and operations.

For us to achieve our safety goals, every person working at Fortress must be fully engaged. To this end we are building a positive safety culture, where everyone contributes to improving our safety performance.

Across Fortress, we have established standard operating procedures and practice for our people and are taking a range of measures to keep our work environment safe.

We set mandatory controls to identify and manage health risks for our employees and contractors. We engaged consultants to perform safety inspection on our operations against pre-requisite standards and require our operations to meet the health and safety performance requirements.

In FY2021, our Group had a challenging start in ensuring our employees' health due to the COVID-19 pandemic.

Whistle-blower policy

Building enduring relationships and acting responsibly is critical to our success.

Our Approach

We recognise our responsibility to contribute to the health, safety, and wellbeing of our community. Fortress has a target of zero whistle-blower complaints, and we identify, assess, and manage any significant whistle-blower complaints.

In FY2020, we published our whistle blower policy via our Group's official website for community complaints and grievances from our stakeholders with regard to our operations. This will allow us to improve our investigation, management, and analysis of issues and the impact on the community.

The whistle-blower policy is overseen by the Audit Committee to ensure a confidential and independently operated whistleblowing service for our people and community to bring any concerns to the attention of senior management and board of directors.

The implementation of the whistle-blower policy will facilitate our understanding of the key expectations, concerns, and interests of stakeholders so that we can incorporate these into our business plans to ensure the wellbeing of our community.

SUSTAINABILITY REPORT

Across Fortress, we hence enforced strict practice on social distancing and cleaning and sanitising regime while ensuring our employees and visitors wear face masks in our business premises. Body temperature scan is performed on a daily basis at all our entrances.

We also provide adequate and sufficient space for our employees to carry out their activities.

[Our contribution to a safe workplace environment](#)

In FY2021, we were in good shape as we recorded no fatality cases.

While we achieved fairly satisfactory TRIF (i.e. 0.40), the Board holds a belief that: *“Improvements are based on small changes, not only on major paradigm shifts or new inventions.”* Hence, our performance on safety can still be improved and we must continually work to improve safety across the Group.

We are committed to making continuous improvements to our safety policies to strive towards our zero-harm goal of obtaining zero workplace fatalities.

We are also pleased to report that up to the date of this report, our workforce has remained healthy with no reported COVID-19 incidence of infection.

[Our contribution to whistle-blower policy](#)

In FY2021, we are pleased to report that, we received no whistle blower complaints from our people and stakeholders.

Despite that, we will continue to monitor the effectiveness of the implementation of our whistle blowing policy.

This also helps us to provide a practical and effective channel for reporting concerns, therefore creating a culture of transparency and accountability. Lessons learnt from investigations will be communicated throughout the organisation.



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



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.”

SUSTAINABILITY REPORT

Governance

Governance and integrity

Our commitment to integrity is the foundation on which we do business at Fortress. They help to ensure we operate ethically and keep us focused on doing business the right way.

Corporate Governance

The Company's corporate governance matters are covered in the Corporate Governance Report and the information disclosed is in compliance to the Code of Corporate Governance 2018 and the Catalyst Rules.

We support:



What we achieved

0

Bribery and corruption practice

We support:



What we achieved

37.5%

Female employment in Board composition

30.9%

Female employment in executive and managerial position

Anti-bribery and Corruption

At Fortress, we have a strict stance against bribery and corruption, which is prohibited in all forms.

Our Approach

We observed and are aware that most jurisdictions had increased regulatory and legislative activities to promote fair trade practice. Our approach is driven by our corporate values, particularly our commitment to undertake business with integrity.

We are committed to fight against corruption and working with other businesses, government, and society to support this effort.

Our commitment to anti-corruption compliance is embodied in our "Anti-Bribery and Corruption Policy". Within the policy, we also have an anti-corruption procedure that sets out mandatory requirements to identify and manage the risk of anti-corruption laws being breached.

Our Anti-Bribery and Corruption Policy is designed to meet the requirements of the applicable laws at places where we do business.

Any Fortress employee not complying with anti-bribery and anti-corruption laws will face disciplinary action.

Our contribution to anti-bribery and corruption

FY2021 marked another remarkable and significant milestone on our commitment to promote business integrity and anti-bribery practice in Fortress's operation. In FY2021, we launched our Anti-Bribery and Corruption Policy.

Being alert to serious matters as they arise and preventing misconduct before it occurs is fundamental. A key part of this is educating our employees about their responsibilities regarding our company policies, and the relevant laws where we operate.

We had since completed anti-bribery and corruption training and a total of 200 employees (representing 75% of our workforce) had participated in this training.

We will regularly review our anti-corruption compliance and make any changes required by regulatory developments.

Inclusion and gender diversity

We believe that inclusion and diversity promote safety, productivity and wellbeing within Fortress.

Our Approach

We invest in our people over the long term. We do this by fostering diversity, offering challenging and exciting work and development opportunities and rewarding good performance at each level.

We employ, develop and promote people based on merit and do not tolerate any form of unlawful discrimination, bullying or harassment.

We do not employ forced or child labour. Fortress actively favours employing local candidates where laws and job requirements allow.

Gender Diversity

We are committed to building a culture which is inclusive and empowering for people of all kinds.

We focused on increasing the representation of women and achieving a better balance of gender.

We believe that we need to also focus on developing a more diverse leadership team, specifically to ensure that women are provided with a fair opportunity to have the capability, experience, and opportunity to lead our operations.

Our contribution to inclusion and gender diversity

The Group achieved encouraging results in promoting gender diversity across our business units and functions.

Women participation at Board level in FY2021 was 37.5% which exceeds 1/3 or 33% of board composition, demonstrating our aspirational goal to achieve gender balance.

In addition, the 30.9% female employment in executive and managerial positions reflects our better management in the gender considerations across our businesses and functions.

SUSTAINABILITY REPORT

GRI CONTENT INDEX – CORE OPTION

General Disclosure	GRI STANDARD	DISCLOSURE	REFERENCE
Organisational profile	102-1	Name of the organisation	Fortress Minerals Limited
	102-2	Activities, brands, products, and services	Annual Report FY2021 ("AR"), Page 01
	102-3	Location of headquarters	AR, Page 02
	102-4	Location of operations	AR, Page 01
	102-5	Ownership and legal form	AR, Page 01
	102-6	Markets served	AR, Page 01
	102-7	Scale of the organisation	AR, Pages 01, 31, 145 and 146
	102-8	Information on employees and other workers	AR: <i>Sustainability Report ("SR")</i> , Page 31: <i>Economic Contribution: Employment</i>
	102-9	Supply chain	AR: Page 01
	102-10	Significant changes to the organisation and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	AR: Page 22: <i>Our Sustainability Strategy</i>
	102-12	External initiatives	AR: <i>SR</i> , Pages 24 and 25: <i>Engaging with our stakeholders</i>
	102-13	Membership of associations	Not applicable
Strategy	102-14	Statement from senior decision-maker	AR: <i>Chairman's message</i>
	102-15	Key impacts, risks, and opportunities	AR: <i>SR</i> , Page 22: <i>Our Sustainability Strategy</i> Page 28: <i>Environmental</i> Pages 30-33: <i>Social</i> Page 35: <i>Governance</i>

SUSTAINABILITY REPORT

General Disclosure	GRI STANDARD	DISCLOSURE	REFERENCE
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	AR, Page 01
	102-17	Mechanisms for advice and concerns about ethics	AR: SR, Page 22: <i>Our Sustainability Strategy</i> Page 32: <i>Social: Whistle-blower policy</i> Page 35: <i>Governance: Anti-bribery and Corruption</i>
Governance	102-18	Governance structure	AR: SR, Page 20: <i>Board statement</i>
Stakeholder engagement	102-40	List of stakeholder group	AR: SR, Pages 24 and 25: <i>Engaging with our stakeholders</i>
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	AR: SR, Pages 24 and 25: <i>Engaging with our stakeholders</i>
	102-43	Approach to stakeholder engagement	AR: SR, Pages 24 and 25: <i>Engaging with our stakeholders</i>
	102-44	Key topics and concerns raised	AR: SR, Pages 24 and 25: <i>Engaging with our stakeholders</i> Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
Reporting practice	102-45	Entities included in the consolidated financial statements	AR, Page 116
	102-46	Defining report content and topic Boundaries	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	102-47	List of material topics	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	102-48	Restatements of information	No revision of information

SUSTAINABILITY REPORT

General Disclosure	GRI STANDARD	DISCLOSURE	REFERENCE
	102-49	Changes in reporting	Not applicable: First SR issued
	102-50	Reporting period	This is the first SR issued: FYE 28.2.2021
	102-51	Date of most recent report	This is the First SR issued: FYE 28.2.2021
	102-52	Reporting cycle	AR: <i>SR</i> , Page 19: <i>Our Reporting Framework</i>
	102-53	Contact point for questions regarding the report	AR, Page 02
	102-54	Claims of reporting in accordance with the GRI Standards	AR: <i>SR</i> , Pages 36 to 42: <i>GRI CONTENT INDEX (this document)</i>
	102-55	GRI content index	AR: <i>SR</i> , Pages 36 to 42: <i>GRI CONTENT INDEX (this document)</i>
	102-56	External assurance	<i>The Company may consider seeking external assurance in the future.</i>

SUSTAINABILITY REPORT

MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS

Material topics	GRI STANDARD	DISCLOSURE	REFERENCE
Environmental			
Climate Change Environmental performance <i>GRI 307 Environmental Compliance</i>	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	103-2	The management approach and its components	AR: SR, Page 28: <i>Respect for the environment</i> Page 28: <i>Managing our air emissions</i> Page 28: <i>Controlling waste and environmental hazards</i>
	103-3	Evaluation of the management approach	AR: SR, Page 28: <i>Managing our air emissions</i> Page 28: <i>Our contribution in managing our air emissions</i> Page 28: <i>Controlling waste and environmental hazards</i> Page 28: <i>Our contribution in Controlling waste and environmental hazards</i>
	307-1	Non-compliance with environmental laws and regulations	AR: SR, Page 28: <i>Our contribution in managing our air emissions</i> Page 28: <i>Our contribution in Controlling waste and environmental hazards</i>
Social			
Economic contribution <i>GRI 201 Economic Performance</i>	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	103-2	The management approach and its components	AR: SR, Page 30: <i>Social: Our community – Economic contribution</i> Page 31: <i>Employment</i> Page 31: <i>Government revenues.</i> Page 31: <i>Suppliers</i> Page 31: <i>Investing in community</i>

SUSTAINABILITY REPORT

Material topics	GRI STANDARD	DISCLOSURE	REFERENCE
	103-3	Evaluation of the management approach	AR: SR, Page 31: <i>Social: Our community – Economic contribution</i>
	201-1	Direct economic value generated and distributed	AR: SR, Page 30: <i>Social: Our community – Our Economic contribution</i>
Safety GRI 301 <i>Occupational Health and Safety</i>	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	103-2	The management approach and its components	AR: SR, Page 32: <i>Social: Safety</i> Page 32: <i>Our approach: Safety</i>
	103-3	Evaluation of the management approach	AR: SR, Page 32: <i>Social: Safety</i> Page 32: <i>Our contribution to a safe workplace environment</i>
	403-9	Work-related injuries	AR: SR, Page 32: <i>Social: Safety</i>
Communities GRI 413 <i>Local communities</i>	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	103-2	The management approach and its components	AR: SR, Page 30: <i>Social: Our community – Economic contribution</i> Page 31: <i>Employment</i> Page 31: <i>Government revenues</i> Page 31: <i>Suppliers</i> Page 31: <i>Investing in community</i>
	103-3	Evaluation of the management approach	AR: SR, Page 30: <i>Social: Our community – Economic contribution</i>

SUSTAINABILITY REPORT

Material topics	GRI STANDARD	DISCLOSURE	REFERENCE
	413-1	Operations with local community engagement, impact assessments, and development programs	AR: SR, Page 30: <i>Social: Our community – Economic contribution</i> Page 30: <i>Our contribution to Employment</i> Page 30: <i>Our contribution to Government revenues</i> Page 30: <i>Our contribution to Suppliers</i> Page 30: <i>Our contribution in community investment</i> Page 35: <i>Our contribution to inclusion and diversity</i>
Communities	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
GRI 406 <i>Non-discrimination</i>	103-2	The management approach and its components	AR: SR, Page 32: <i>Social: Our Approach – Whistle blower policy</i>
	103-3	Evaluation of the management approach	AR: SR, Page 32: <i>Social: Our Approach – Whistle blower policy</i>
	406-1	Incidents of discrimination and corrective actions taken	AR: SR, Page 32: <i>Social: Our contribution to whistle-blower policy</i>
Governance			
Anti-bribery and corruption	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
GRI 205 <i>Anti-corruption</i>	103-2	The management approach and its components	AR: SR, Page 35: <i>Governance: Anti-bribery and Corruption – Our Approach</i>
	103-3	Evaluation of the management approach	AR: SR, Page 35: <i>Governance: Anti-bribery and Corruption – Our Approach</i>
	205-2	Communication and training about anti-corruption policies and procedures	AR: SR, Page 35: <i>Governance: Our contribution to Anti-bribery and Corruption</i>

SUSTAINABILITY REPORT

Material topics	GRI STANDARD	DISCLOSURE	REFERENCE
Inclusion and diversity GRI 405 <i>Diversity and Equal Opportunity</i>	103-1	Explanation of the material topic and its Boundary	AR: SR, Page 20: <i>Reporting what matters – Material Environmental, Social and Governance Factors</i>
	103-2	The management approach and its components	AR: SR, Page 35: <i>Governance: Inclusion and gender diversity – Our Approach</i>
	103-3	Evaluation of the management approach	AR: SR, Page 35: <i>Governance: Inclusion and gender diversity – Our Approach</i>
	405-1	Diversity of governance bodies and employees	AR: SR, Page 35: <i>Governance: Our contribution to inclusion and gender diversity</i>

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 2021 (“**FY2021**”) 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 (Chapter 289) of Singapore (“**Securities and Futures Act**”) and the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are duly complied with.

Provision	Code Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and provisions of the new Code?	The Company has complied with the principles and provisions as set out in Code 2018 and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018 and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2021.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																														
BOARD MATTERS																																
The Board's Conduct of Affairs																																
<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	Directors' duties and responsibilities	<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 "Management") and affairs of the Group's business and oversees processes for evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems. It focuses on the strategies and policies, with particular attention paid to growth and financial performance. The Board works with the Management to achieve this and the Management remains accountable to the Board. Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company.</p> <p>During FY2021, 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> <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">Table 1.1 – Composition of the Board</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>	Table 1.1 – Composition of the Board			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
Table 1.1 – Composition of the Board																																
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																														
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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																														

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.2	Induction, Training and Development	<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 Catalyst Rule 406(3)(a) and Practice Note 4D of the Catalyst 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> <p>There was no new Director appointed during FY2021.</p> <p>The Directors are updated regularly when there are changes to the Catalyst Rules, Code of Corporate Governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board. At the Board meetings of the Company, the external auditors ("EA") had briefed the AC and the Board on changes and amendments to the accounting standards.</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 familiarises the Directors on the business activities of the Company during Board and Board Committees' meetings. All directors had attended a training conducted by NGL Tricor Governance Sdn. Bhd. on corporate liability provision under Section 17A of The Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC 2018") during FY2021.</p>

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
		<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">Table 1.4 – Composition of the Board Committees</th> </tr> <tr> <th></th> <th>AC⁽¹⁾</th> <th>NC⁽²⁾</th> <th>RC⁽³⁾</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>	Table 1.4 – Composition of the Board Committees					AC⁽¹⁾	NC⁽²⁾	RC⁽³⁾	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
Table 1.4 – Composition of the Board Committees																						
	AC⁽¹⁾	NC⁽²⁾	RC⁽³⁾																			
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																			
1.5	Board and Board Committees meeting	<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 2021, 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 colspan="7">Table 1.5 – Directors' Attendance</th> </tr> <tr> <th rowspan="2"></th> <th rowspan="2">Board</th> <th colspan="3">Board Committees</th> <th rowspan="2">Annual General Meeting</th> <th rowspan="2">Extra-ordinary General Meeting</th> </tr> <tr> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held</td> <td>5</td> <td>4</td> <td>1</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Director in service as at 28 February 2021</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chew Wai Chuen</td> <td>5</td> <td>4</td> <td>1</td> <td>2</td> <td>√</td> <td>√</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>5</td> <td>2*</td> <td>1</td> <td>2*</td> <td>√</td> <td>√</td> </tr> <tr> <td>Ng Mun Fey</td> <td>5</td> <td>3*</td> <td>–</td> <td>–</td> <td>√</td> <td>√</td> </tr> <tr> <td>Goh Kah Im</td> <td>5</td> <td>4</td> <td>–</td> <td>–</td> <td>√</td> <td>√</td> </tr> <tr> <td>Anita Chew</td> <td>5</td> <td>4</td> <td>1</td> <td>2</td> <td>√</td> <td>√</td> </tr> <tr> <td>Teh Lip Kim</td> <td>5</td> <td>–</td> <td>–</td> <td>–</td> <td>√</td> <td>√</td> </tr> <tr> <td>Loong Ching Hong</td> <td>5</td> <td>–</td> <td>–</td> <td>2</td> <td>√</td> <td>√</td> </tr> <tr> <td>Willa Chee</td> <td>5</td> <td>–</td> <td>–</td> <td>–</td> <td>√</td> <td>√</td> </tr> </tbody> </table> <p>* By invitation</p>	Table 1.5 – Directors' Attendance								Board	Board Committees			Annual General Meeting	Extra-ordinary General Meeting	AC	NC	RC	Number of meetings held	5	4	1	2	1	1	Director in service as at 28 February 2021							Chew Wai Chuen	5	4	1	2	√	√	Dato' Sri Ivan Chee	5	2*	1	2*	√	√	Ng Mun Fey	5	3*	–	–	√	√	Goh Kah Im	5	4	–	–	√	√	Anita Chew	5	4	1	2	√	√	Teh Lip Kim	5	–	–	–	√	√	Loong Ching Hong	5	–	–	2	√	√	Willa Chee	5	–	–	–	√	√
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	Multiple board representation	Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.																																																																																							
1.6	Board information	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 organised 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	Board's access	<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>Board Composition and Guidance <i>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</i></p>		
2.1 Rule 1204(10B) of the Catalist Rules	Board composition – independence and diversity	<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 “Chairman”) is an Independent Director and not part of the Management team. The Chairman and the CEO are also not immediate family members.</p>

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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	Independent Directors	As the Chairman of the Board is independent, the Company need not comply with Provision 2.2 of the Code 2018. The Company has three (3) Independent Directors.
2.3	Non-Executive Directors	To facilitate a more effective review of Management, the Non-Executive Directors will communicate on an ad-hoc basis without the presence of the Management and Executive Directors to discuss the performance of the Management and any matters of concern. The current Board composition complies with Provision 2.3 of the Code 2018 where Non-Executive Directors make up a majority of the Board.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
2.4	Board size and diversity	<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 28 to 55 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"> • 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 • 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 <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>

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Provision	Code Description	Company's Compliance or Explanation
2.5	Regular meetings for Independent and Non-Executive Directors	<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 FY2021, the Independent Directors met at least once in the absence of key management personnel.</p> <p>Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with.</p>
<p>Chairman and Chief Executive Officer <i>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</i></p>		
3.1 3.2 3.3	The Chairman and CEO separate persons	<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> <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"> (a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items; (b) ensuring that all agenda items are adequately and openly debated at the Board meetings; (c) ensuring that all Directors receive complete, adequate and timely information; and (d) assisting in ensuring that the Group complies with the Code of Corporate Governance and maintains high standards of corporate governance.

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Provision	Code Description	Company's Compliance or Explanation
		<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>
Board Membership Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board		
4.1	Nominating Committee role	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) to review the structure, size and composition of the Board and the Board committees; (b) to review the succession plans for the Chairman of the Board, the CEO, COO and key management personnel of the Company; (c) to propose and implement objective performance criteria to be used in the assessment of the performance of the Board, the Board committees and each individual Director; (d) to review the training and professional development programmes for the Board; (e) to make recommendations to the Board on the appointment and re- appointment of all Directors (including alternate directors, if applicable) including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board; (f) to review and assess the independence of each Director; and (g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and/or a conflict of interest.
4.2	Nominating Committee composition	<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:</p> <p>Ms Anita Chew – Chairman Mr Chew Wai Chuen – Member Dato' Sri Ivan Chee – Member</p>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.3 4.4 Rule 720(4) of the Catalist Rules	Director appointment and re-appointment	<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> <p>Accordingly, the NC has recommended to the Board that Mr. Loong Ching Hong, Ms. Anita Chew Cheng Im and Mr. Goh Kah Im ("Retiring Directors") be nominated for re-election at the forthcoming AGM. Pursuant to Regulation 98, the Retiring Directors have offered themselves for re-election at the forthcoming AGM.</p> <p>The Board had accepted the NC's recommendation and had tabled for shareholders' approval at the forthcoming AGM, the Retiring Directors nominated for re-election as Directors of the Company. 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 75 to 82 of this Annual Report.</p> <p>Mr Loong Ching Hong will, upon re-election as a Director, remain as the Non-Executive Director and a member of the RC.</p> <p>Ms Anita Chew Cheng Im will, upon re-election as a Director, remain as the Independent Director, Chairman of the NC and a member of the AC and RC. The Board, with the concurrence of the NC, has also considered Ms Anita Chew Cheng Im to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p>

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Provision	Code Description	Company's Compliance or Explanation
		<p>Mr Goh Kah Im will, upon re-election as a Director, remain as the Independent Director and Chairman of the AC. The Board, with the concurrence of the NC, has also considered Mr Goh Kah Im to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Ms Anita Chew Cheng Im being a member of the NC, has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of her own contributions and/or re-election as a Director.</p>
4.5	<p>Multiple Directorships</p>	<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 FY2021, only one (1) of the Directors hold more than two (2) but not more than four (4) directorships in other listed companies.</p> <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 FY2021, 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>
	<p>Alternate Directors</p>	<p>The Company does not have any alternate Directors.</p>

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Provision	Code Description	Company's Compliance or Explanation
Board Performance		
<i>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</i>		
5.1	Performance criteria and process for evaluation of the effectiveness of the Board	As recommended by Provision 5.1 of Code 2018, the NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole, and each of the Board Committees and for assessing the contribution by the Chairman and each individual Directors to the effectiveness of the Board, for each financial year.
5.2	Disclosure of assessment of the Board, Board Committees and each Director	<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> <p>The NC makes recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board acts on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. The NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process, if the need arises.</p> <p>The NC has reviewed the overall performance of the Board, Board Committees and individual Director for FY2021 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 FY2021.</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>

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Provision	Code Description	Company's Compliance or Explanation
REMUNERATION MATTERS Procedures for developing remuneration policies <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>		
		<p>The Board has considered the use of external facilitators as it is of the view that there was no need to engage an external facilitator for FY2021 as the NC has a sufficient level of objectivity in its evaluation process.</p>
6.1	Remuneration Committee role	<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"> (a) reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel; (b) periodic review and recommending to the Board the specific remuneration packages for each individual Director and Key Management Personnel to maintain attractiveness, retain and motivate Directors and Key Management Personnel to manage the Company with the alignment of the level and structure of remuneration with the long-term interest and risk policies of the Company; (c) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; (d) implement and administer any share incentive scheme(s) adopted by the Company in accordance with the rules of such scheme; (e) review and approve the granting of share options and/or performance shares to Directors and employees.
6.2	Remuneration Committee composition	<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>

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Provision	Code Description	Company's Compliance or Explanation
6.3	Termination clauses	<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 FY2021.</p>
6.4	Remuneration experts	<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. The Company has not engaged any remuneration consultants for FY2021 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.</p>
<p>Level and Mix of Remuneration <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>		
7.1 7.3	Remuneration framework	<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>

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Provision	Code Description	Company's Compliance or Explanation
	Long-term incentives	<p>The Company has also adopted the Fortress Employee Share Option Scheme (“ESOS”). The ESOS had been approved by the Shareholders at the general meeting of the Company held on 20 February 2019. The objectives of the ESOS include retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group, instilling loyalty and a stronger identification by participants with the long-term goals of the Company and attraction of potential employees with relevant skills to contribute to our Group creating value for the shareholders so as to align the interests of participants to the interests of the shareholders. Under the ESOS, the aggregate number of shares to be issued shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) and will be in force for a maximum period of ten (10) years commencing from 20 February 2019.</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	Non-Executive Director remuneration	<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>
	Contractual provisions to reclaim incentives	<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>

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Provision	Code Description	Company's Compliance or Explanation
<p>Disclosure on Remuneration</p> <p><i>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.</i></p>		
8.1	<p>Company's remuneration policy and criteria for setting remuneration</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 organisational 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>Both Dato' Sri Ivan Chee, the Executive Director and CEO of the Company and Mr Ng Mun Fey, the Executive Director and COO of the Company each has a service agreement with the Company for an initial period of three (3) years with effect from 28 February 2019. For further information on the remuneration of both Dato' Sri Ivan Chee and Mr Ng Mun Fey, please refer to the section entitled "Service Agreement" in the Company's Offer Document dated 19 March 2019 in connection with the Listing ("Offer Document").</p> <p>The Executive Directors will receive Directors' fees with effect from the financial year ending 28 February 2022 ("FY2022"). The said Directors' fees, if approved by the shareholders of the Company in the FY2021 AGM, will be payable to the Executive Directors for their directorial duties (excluding the fees payable to them as members of the various committees of the Board, if applicable).</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 Director's fee 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\$544,000 for FY2022 which will be tabled for approval by Shareholders at the forthcoming AGM.</p>

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Provision	Code Description	Company's Compliance or Explanation																																																																														
8.1(a) and 8.3	A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration	<p>A breakdown, showing the level and mix of each individual Director's remuneration for FY2021 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="6">Table 8.1 (a) – Remuneration of Directors</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">Remuneration Band S\$3,250,001 to S\$3,500,000</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>30</td> <td>69</td> <td>1*</td> <td>–</td> <td>100</td> </tr> <tr> <td colspan="6">Remuneration Band S\$250,001 to S\$500,000</td> </tr> <tr> <td>Ng Mun Fey</td> <td>54</td> <td>45</td> <td>–</td> <td>1</td> <td>100</td> </tr> <tr> <td colspan="6">Remuneration Band below S\$250,000</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 Directors' fees of 1% paid to Dato' Sri Ivan Chee in FY2021 was for his membership in the Nominating Committee.</p> <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>	Table 8.1 (a) – Remuneration of Directors						Name	Base/Fixed Salary and statutory contributions (%)	Bonus/variable performance bonus (%)	Directors Fees (%)	Benefits in-kind (%)	Total (%)	Remuneration Band S\$3,250,001 to S\$3,500,000						Dato' Sri Ivan Chee	30	69	1*	–	100	Remuneration Band S\$250,001 to S\$500,000						Ng Mun Fey	54	45	–	1	100	Remuneration Band below S\$250,000						Chew Wai Chuen	–	–	100	–	100	Goh Kah Im	–	–	100	–	100	Anita Chew	–	–	100	–	100	Teh Lip Kim	–	–	100	–	100	Loong Ching Hong	–	–	100	–	100	Willa Chee	–	–	100	–	100
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8.1(b) and 8.3	Remuneration of top 5 key management personnel (who are not directors or CEO)	<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 Managing Director) for FY2021 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5">Table 8.1 (b) – Remuneration of Key Management Personnel</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">Remuneration Band below S\$100,000</td> </tr> <tr> <td>Fionne Chua</td> <td>77</td> <td>23</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <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 FY2021 will not be disclosed.</p> <p>There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2021.</p>	Table 8.1 (b) – Remuneration of Key Management Personnel					Name	Base/Fixed Salary and Statutory Contributions (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits in-Kind (%)	Total (%)	Remuneration Band below S\$100,000					Fionne Chua	77	23	–	100
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8.2	Remuneration of employees who are substantial shareholders, immediate family members of Director, CEO or substantial shareholder	<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">Table 8.2 – Remuneration of Related Employees</th> </tr> <tr> <th>Name</th> <th>Relationship</th> </tr> </thead> <tbody> <tr> <td colspan="2">Remuneration Band below S\$100,000</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 FY2021.</p>	Table 8.2 – Remuneration of Related Employees		Name	Relationship	Remuneration Band below S\$100,000		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	Other payments and benefits and details of the employee share scheme(s).	<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 FY2021.</p> <p>Information on the ESOS are set out on page 59 of this Annual Report and further information can be found in the Company's Offer Document dated 19 March 2019.</p>
ACCOUNTABILITY AND AUDIT Risk Management and Internal Controls <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	Risk governance	<p>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.</p>
	Annual review	<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 ("PKF") as the consultant and a Risk Management framework has been developed to help the Board formally identify, assess and treat the Group's enterprise risks and to establish a risk register and risk map covering financial, operational, compliance and information technology risks. These risks will be prioritized based on risk appetite and risk tolerance levels that the Board adopts. Key risks will be escalated to, and discussed at, the Board level while all the other risks are handled at Management level and reported to the Board on an exceptional basis.</p> <p>The Management, the internal auditor Baker Tilly Monterio Heng Governance Sdn Bhd ("Baker Tilly"), and the external auditor, BDO LLP ("BDO") conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's Risk Management and internal control systems, including financial, operational, compliance and information technology risks.</p>

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9.2(a) 9.2(b)	CEO and FC assurance	<p>For FY2021, the Board has also received assurance from the CEO and the Financial Controller (FC):</p> <ul style="list-style-type: none"> (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) on the adequacy and the effectiveness of the Group's risk management systems and internal control systems, including financial, operational, compliance and information technology controls.
	Board conclusion	<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 FY2021 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 FY2021.</p>
Audit Committee Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.		
10.1	Duties of the AC	<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"> (a) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; (b) to review the adequacy and effectiveness of the Company's internal controls and risk management systems; (c) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; (d) to make recommendations to the Board of Directors regarding the appointment, removal, remuneration and terms of engagement of the external auditors;

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		<p>(e) to establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company;</p> <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	AC composition	<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: 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 FY2021 is S\$82,138 (67%). The non-audit fees paid/payable to the external auditors for FY2021 is S\$40,010 (33%).</p> <p>The AC has reviewed the non-audit services provided by the external auditors for FY2021 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.</p>

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Provision	Code Description	Company's Compliance or Explanation
		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.
10.4	Internal Audit function	<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 FY2021, 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 FY2021, after having reviewed the internal audit reports and remedial actions implemented by the Management, the AC was satisfied that the internal audit functions were independent, effective and adequately resourced.</p>
10.5	Independent Session with the EA & IA	The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management. For FY2021, the AC has met with the IA and EA once without the presence of the Management.
Rule 712, 715	Auditors	The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of external auditors.

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	Whistleblowing	<p>The AC has reviewed the whistleblowing policy that the Group has established. The whistleblowing policy provides mechanisms which ensure a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the AC Chairman. Reports can be lodged via email to whistleblow@fortress.sg. In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to the Management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals or victimization.</p> <p>The AC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up actions to be taken.</p> <p>For FY2021, there were no complaints, concerns or issues received by the AC.</p>
	Summary of Audit and Risk Management Committee activities	<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>
SHAREHOLDER RIGHTS AND ENGAGEMENT Shareholder Rights and Conduct of General Meetings <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	Shareholder rights	All Shareholders are treated fairly and equitably, and the Group strives to disclose information on all major developments that could materially impact the Group in a timely manner. Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders.

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11.2	Resolutions	Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Catalist Rules. All votes cast, for or against or abstain, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.
11.3	Attendance at general meetings	All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC and RC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report. The attendance of the Board for the Company's annual general meeting held on 24 June 2020 and extraordinary general meeting held on 16 February 2021 are disclosed under Table 1.5 of this report.
11.4	Voting procedures	<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>
11.5	Minutes of general meetings	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.

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Provision	Code Description	Company's Compliance or Explanation
		<p>For FY2021, in complying with the requirements stipulated in the First Schedule of the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 and 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") which was gazetted on 13 April 2020, the Company will publish the minutes of the AGM to be held on 23 June 2021 on SGXNET and the Company's website at URL https://www.fortress.sg/ within one month after the AGM. For FY2021, in accordance with the COVID-19 (Temporary Measures) Act 2020 and the Order, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM, as set out in the second column of the First Schedule of the Order ("Alternative Arrangements").</p>
11.6	Dividend Policy	<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 ("Dividend Factors"). Therefore, there is no assurance that dividends will be paid in the future or of the amount or timing of any future dividends. The Company may declare an annual dividend subject to the approval of the shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. The Directors may also declare an interim dividend without the approval of our shareholders.</p> <p>As disclosed in page 68 of the Company's Offer Document, our Directors intended to recommend and distribute dividends of not less than 20% of the Group's net profit after tax ("NPAT") for FY2021 subject to, inter-alia, the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate ("Dividend Factors").</p> <p>For FY 2021, an interim dividend of 1.0 Singapore cents per share amounting to S\$5.0 million (representing a payout ratio of 20.6% for FY2021) has been declared and paid to the shareholders.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Engagement with Shareholders Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.		
12.1	Communication	<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"> (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, Chapter 50 of Singapore and Singapore Financial Reporting Standards and the Catalist Rules; (b) Quarterly announcements containing a summary of the financial information and affairs of the Group for the corresponding period; (c) Press releases on major developments of the Group; and (d) Analysts briefings and roadshow. <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>For FY2021, the Company will be relying on the COVID-19 (Temporary measures) (Alternative Arrangements for Meetings of Companies, variable Capital Companies, Business Trust, Unit Trusts and Debenture Holders) Order 2020. The Annual Report, notice of AGM and proxy form ("AGM documents") will only be available to shareholders through electronic means via publication on the company's website and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements. 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 https://www.fortress.sg/</p>
	Conduct of Shareholder meeting	<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>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>For FY2021, due to the current COVID-19 restriction orders that have been put in place, alternative arrangements pursuant to the Order have been put in place for the forthcoming FY2021 AGM. Shareholders will hence 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 17 June 2021. The Company shall only address relevant and substantial questions and any subsequent clarifications sought, or follow-up questions in respect of such questions prior to or at the general meeting and will endeavor to publish its response to those questions on the SGXNET and the Company's website prior to the AGM.</p> <p>All resolutions are put to vote by poll in all its 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	Investor Relations Policy	<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 held 5 investor briefings in FY2021 to meet with its institutional and retail investors.</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	Investor engagement	<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
MANAGING STAKEHOLDERS RELATIONSHIPS Engagement with Stakeholders <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>		
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 first sustainability report for financial year ended 28 February 2021, details of which is set out in pages 19 to 42 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 Catalist Rules. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET. The notice of AGM is also advertised in the newspapers.</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 https://www.fortress.sg/.</p>

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
712, 715, or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at FY2021 based on the assurance from the CEO and our FC set out in page 64 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)	Interested Persons Transaction ("IPT")	<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 FY2021.</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>
1204(19)	Dealing in Securities	<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>

CORPORATE GOVERNANCE REPORT

	Use of Proceeds	<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>Use of proceeds</th> <th>Amount allocated S\$'000</th> <th>Amount utilised S\$'000</th> <th>Balance 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)⁽¹⁾</td> <td>–</td> </tr> <tr> <td>Acquisition, joint venture and/or development of new mines</td> <td>2,000</td> <td>(2,000)⁽²⁾</td> <td>–</td> </tr> <tr> <td>General working capital purposes</td> <td>3,500</td> <td>(3,500)⁽³⁾</td> <td>–</td> </tr> <tr> <td>Total</td> <td>12,500</td> <td>(12,500)</td> <td>–</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Utilised for payment of exploration and geology work and expansion of iron ore processing capabilities.</p> <p>(2) Utilised for the acquisition of the entire issued and paid-up share capital of the MMSB Group.</p> <p>(3) Utilised for payment of operating expenses, employee benefit expenses and taxes.</p> <p>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.</p>	Use of proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance 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) ⁽¹⁾	–	Acquisition, joint venture and/or development of new mines	2,000	(2,000) ⁽²⁾	–	General working capital purposes	3,500	(3,500) ⁽³⁾	–	Total	12,500	(12,500)	–
Use of proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance 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) ⁽¹⁾	–																			
Acquisition, joint venture and/or development of new mines	2,000	(2,000) ⁽²⁾	–																			
General working capital purposes	3,500	(3,500) ⁽³⁾	–																			
Total	12,500	(12,500)	–																			
711A	Sustainability Report	The Group has issued its first sustainability report for the financial year ended 28 February 2021 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 42 of this annual report.																				
1204(21)	Non-sponsor fees	There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2021.																				

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	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
Date of Initial Appointment	19 February 2019	19 February 2019	19 February 2019
Date of last re- appointment (if applicable)	26 June 2019	26 June 2019	26 June 2019
Age	54	54	55
Country of principal residence	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Loong Ching Hong (" Mr Loong ") as the Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Loong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Anita Chew Cheng Im (" Ms Chew ") as an Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Chew's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Goh Kah Im (" Mr Goh ") as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Goh's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director, and member of the Remuneration Committee.	Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committee	Independent Director and Chairman of the Audit Committee
Professional qualifications	Member of the Malaysian Institute of Accountants Fellow Member of the Association of Chartered Certified Accountants, United Kingdom	Bachelor of Economics, Majoring in Accounting	Bachelor of Commerce (Accounting) degree Chartered Accountant registered with Malaysian Institute of Accountants
Working experience and occupations during the past 10 years	2000 to Present – Group General Manager of Selangor Dredging Berhad	2003 to 2007 – Senior Vice President (Equity Capital Markets), HwangDBS Investment Bank Berhad	2014 to Present – Freelance Management Consultant 2011 to 2014 – Deputy Managing Director, Oxford Fajar Sdn Bhd 2007 to 2011 – Finance and Operations Director, Oxford Fajar Sdn Bhd

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
Shareholding interest in the listed issuer and its subsidiaries	<p>Mr Loong holds a direct interest in 1,966,000 ordinary shares in the Company.</p> <p>Mr Loong is deemed interested in 5,234,375 ordinary shares in the Company held through Western Capital Sdn Bhd. as he holds 100% of the issued share capital of Western Capital Sdn. Bhd.</p>	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Mr Loong is the Group General Manager 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 Lip Kim holds approximately 60.35% (directly and indirectly) of the shares of Selangor Dredging Berhad</p>	Nil	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	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
<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"> 1. Cermat Aman Sdn. Bhd. 2. Fortress Dredging Sdn. Bhd. 3. Fortress Drilltech Sdn. Bhd. 4. Fortress FE Sdn. Bhd. 5. Fortress Industries Sdn. Bhd. 6. Fortress Logistics Sdn. Bhd. 7. Fortress Mengapur Sdn. Bhd. (fka Monument Mengapur Sdn. Bhd.) 8. Fortress Metals Sdn. Bhd. 9. Fortress Mining Sdn. Bhd. 10. Fortress Shared Services Sdn. Bhd. 11. Star Destiny Sdn. Bhd. 12. Champsworth Development Pte. Ltd. 13. Chedstone Investment Holdings Pte. Ltd. 14. Crescent Consortium Sdn. Bhd. 15. Extra Diligent Sdn. Bhd. 16. Hayat Abadi Sdn. Bhd. 17. Norwest Minerals Limited 18. Prestij Permai Sdn. Bhd. 19. SDB Ampang Sdn. Bhd. 20. SDB Asia Pte. Ltd. 21. SDB Damansara Sdn. Bhd. 22. SDB Green Energy Pte. Ltd. 23. SDB Host Sdn. Bhd. 24. SDB International Sdn. Bhd. 25. SDB Interiors Sdn. Bhd. 26. SDB Mining Sdn. Bhd. 27. SDB Properties Sdn. Bhd. 28. SDB Property Management Sdn. Bhd. 29. SDB SS2 Development Sdn. Bhd. 30. SDB Teambuild Sdn. Bhd. 31. SDB Kuantan Development Sdn. Bhd. 32. SDB Subang Development Sdn. Bhd. 33. Seldredge Industries Sdn. Bhd. 34. Supergreen Solutions Sdn. Bhd. 35. Teratai Investment Holdings Ltd. 36. Tiara Land Pte. Ltd. 37. Western Capital Sdn. Bhd. 38. LT Visions Sdn. Bhd. 	<ol style="list-style-type: none"> 1. K-One Technology Berhad 2. M K Land Holdings Berhad 3. Notion Vtec Berhad 4. SKP Resources Berhad 	<p>Acting as a Freelance Management Consultant.</p> <p>Directorship in:</p> <ol style="list-style-type: none"> 1. GK Brothers Sdn Bhd 2. SKP Resources Berhad

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
Past Principal Commitments for the last 5 years, including directorships	<ol style="list-style-type: none"> Loong & Yeo Properties Sdn. Bhd. JM Mining Sdn. Bhd. SDB Guernsey Limited 	<ol style="list-style-type: none"> Nirvana Asia Ltd Yi Lai Berhad 	<ol style="list-style-type: none"> Oxford Fajar Sdn. Bhd. Oxford University Press (Singapore) Pte. Ltd.
(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

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
(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
(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

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
(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
(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	No	No	No

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
<p>(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</p> <p>(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</p> <p>(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?</p>			
(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

KEY INFORMATION

Name of Director	Loong Ching Hong	Anita Chew Cheng Im	Goh Kah Im
<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 2021 and the statement of financial position of the Company as at 28 February 2021.

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 2021, 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 is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (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 2020	Balance at 28 February 2021	Balance at 1 March 2020	Balance at 28 February 2021
Ordinary shares				
Company:				
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	165,965,625	166,465,625
Loong Ching Hong	1,291,000	1,966,000	5,234,375	5,234,375

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), according to the register of directors' shareholdings, the directors' interest as at 21 March 2021 in the shares of the Company have not changed from those disclosed as at 28 February 2021.

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

DIRECTORS' STATEMENT

6. Audit committee

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

- (i) reviewing the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (ii) reviewing the quarterly and full-year announcements as well as related on the results and financial position of the Group;
- (iii) reviewing the annual financial statements and external auditor's report on the annual financial statements of the Company and the Group before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, 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 concern and problems, if any, arising from the audit, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (v) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (vi) reviewing the scope and results of the internal audit procedures where applicable;
- (vii) reviewing any potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (viii) conducting periodic review and approval of foreign exchange transactions and hedging policies (if any) undertaken by the Group;
- (ix) making recommendation to the Board of Directors on the proposals to shareholders on the appointment, re-appointment and removal of the internal and external auditors, and approving the remuneration and terms of engagement of the internal and external auditors;
- (x) reviewing transactions falling within the scope of Chapter 10 of Catalist Rules;
- (xi) reviewing the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures;
- (xii) reviewing arrangements by which our Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (xiii) reviewing Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (xiv) undertaking such other reviews and projects as may be requested by the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (xv) reviewing and approving any proposed repayment of the shareholders' loans (or any part thereof); and
- (xvi) generally undertaking such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

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

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

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

7. Independent auditors

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

On behalf of the Board of Directors,

Chee Yew Fei

Director

Singapore
31 May 2021

Ng Mun Fey

Director

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 at pages 91 to 144 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2021;
- 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, Chapter 50 (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 2021 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>1</p> <p>Impairment assessment of exploration and evaluation assets, plant and equipment and mining properties</p> <p>As at 28 February 2021, the carrying amount of the Group's exploration and evaluation assets, plant and equipment and mining properties were US\$3,306,243, US\$16,605,126 and US\$6,162,325, respectively, which comprised 5.5%, 27.7% and 10.3% 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 the producing open pit mine in Bukit Besi, 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, 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, 5, 6 and 7 to the financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Evaluated management's assessment of whether there was any indication that exploration and evaluation assets, plant and equipment and mining properties may be impaired; • Perused the reports issued by management's external expert to understand the basis for the estimated mining resources, and assessed the competence, capabilities and objectivity of the specialist; obtained an understanding of the work of that expert; evaluated the appropriateness of that expert's work; • Performed physical sighting of exploration and evaluation assets/activities, plant and equipment and mining properties on a sample basis; and • Considered the adequacy of disclosures in the financial statements

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED

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.

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
31 May 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

	Note	Group		Company	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
ASSETS					
Non-current assets					
Investments in subsidiaries	4	–	–	12,402,992	11,405,647
Exploration and evaluation assets	5	3,306,243	2,321,853	–	–
Mining properties	6	6,162,325	6,343,918	–	–
Plant and equipment	7	16,605,126	13,498,301	–	–
Right-of-use assets	8	211,216	529,741	–	–
		26,284,910	22,693,813	12,402,992	11,405,647
Current assets					
Inventories	9	1,029,105	864,727	–	–
Trade receivables	10	11,208,481	3,393,708	–	–
Other receivables, deposits and prepayments	11	13,519,229	2,141,848	9,000,050	–
Amounts due from subsidiaries	12	–	–	2,463,813	4,346,240
Current income tax receivable		20,403	–	–	–
Cash and bank balances	13	7,800,262	10,242,507	4,590,919	7,807,721
		33,577,480	16,642,790	16,054,782	12,153,961
Total assets		59,862,390	39,336,603	28,457,774	23,559,608
EQUITY AND LIABILITIES					
Equity					
Share capital	14	22,463,273	22,463,273	22,463,273	22,463,273
Other reserves	15	(2,452,957)	(3,615,811)	–	–
Retained earnings	16	28,407,131	10,728,012	5,945,417	1,034,422
Equity attributable to owners of the Company		48,417,447	29,575,474	28,408,690	23,497,695
Non-controlling interest		(8,905)	–	–	–
Total equity		48,408,542	29,575,474	28,408,690	23,497,695
Non-current liabilities					
Bank borrowings	17	1,301,895	34,359	–	–
Lease liabilities	18	35,289	150,456	–	–
Deferred tax liabilities	19	1,384,724	1,466,788	–	–
		2,721,908	1,651,603	–	–
Current liabilities					
Bank borrowings	17	652,881	37,983	–	–
Lease liabilities	18	200,422	393,553	–	–
Trade payables	20	420,167	377,755	–	–
Other payables and accruals	21	5,851,693	2,550,341	45,836	52,162
Amounts due to shareholders	22	–	4,495,457	–	–
Current income tax payables		1,606,777	254,437	3,248	9,751
		8,731,940	8,109,526	49,084	61,913
Total liabilities		11,453,848	9,761,129	49,084	61,913
Total equity and liabilities		59,862,390	39,336,603	28,457,774	23,559,608

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	2021 US\$	2020 US\$
Revenue	23	47,718,246	25,925,041
Cost of sales		(11,251,832)	(8,645,043)
Gross profit		36,466,414	17,279,998
Interest income		39,047	146,632
Other operating income	24	85,407	359,141
Selling and distribution expenses		(4,911,132)	(2,080,877)
Other operating expenses		(7,273,726)	(4,531,313)
Administrative expenses		(986,212)	(1,594,302)
Finance costs	26	(62,033)	(42,721)
Profit before income tax	27	23,357,765	9,536,558
Income tax expense	28	(5,112,441)	(3,039,112)
Profit for the financial year		18,245,324	6,497,446
Other comprehensive income/(loss):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		1,162,555	(567,714)
Income tax relating to item that may be subsequently reclassified		–	–
Other comprehensive income/(loss) for the financial year, net of tax		1,162,555	(567,714)
Total comprehensive income for the financial year		19,407,879	5,929,732
Profit/(Loss) for the financial year attributable to:			
– Owners of the Company		18,253,936	6,497,446
– Non-controlling interest		(8,612)	–
		18,245,324	6,497,446
Total comprehensive income/(loss) for the financial year attributable to:			
– Owners of the Company		19,416,790	5,929,732
– Non-controlling interest		(8,911)	–
		19,407,879	5,929,732
Earnings per share attributable to owners of the Company (cents)			
– Basic and diluted	29	3.65	1.31

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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
Profit/(Loss) for the financial year	–	–	–	–	18,253,936	18,253,936	(8,612)	18,245,324
Other comprehensive income/(loss) for the financial year								
Exchange differences on translating foreign operations	–	–	–	1,162,854	–	1,162,854	(299)	1,162,555
Total comprehensive income/(loss) for the financial year	–	–	–	1,162,854	18,253,936	19,416,790	(8,911)	19,407,879
Total transactions with owners, recognised directly in equity								
Issuance of shares to non-controlling interest of a subsidiary	4	–	–	–	–	–	6	6
Dividends	30	–	–	–	(574,817)	(574,817)	–	(574,817)
Total transactions with owners	–	–	–	–	(574,817)	(574,817)	6	(574,811)
Balance at 28 February 2021	<u>22,463,273</u>	<u>383,615</u>	<u>(3,565,976)</u>	<u>729,404</u>	<u>28,407,131</u>	<u>48,417,447</u>	<u>(8,905)</u>	<u>48,408,542</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	Share capital US\$	Capital reserve US\$	Merger reserve US\$	Foreign currency translation reserve US\$	Retained earnings US\$	Total equity US\$
Balance at 1 March 2019		268,407	383,615	–	134,264	5,562,386	6,348,672
Profit for the financial year		–	–	–	–	6,497,446	6,497,446
Other comprehensive income for the financial year							
Exchange differences on translating foreign operations		–	–	–	(567,714)	–	(567,714)
Total comprehensive income for the financial year		–	–	–	(567,714)	6,497,446	5,929,732
Total transactions with owners, recognised directly in equity							
Issuance of shares pursuant to the restructuring exercise	14, 15	10,896,182	–	(3,565,976)	–	–	7,330,206
Issuance of shares pursuant to an initial public offering exercise	14	12,024,083	–	–	–	–	12,024,083
Shares issue expenses	14	(725,399)	–	–	–	–	(725,399)
Dividends	30	–	–	–	–	(1,331,820)	(1,331,820)
Total transactions with owners		<u>22,194,866</u>	<u>–</u>	<u>(3,565,976)</u>	<u>–</u>	<u>(1,331,820)</u>	<u>17,297,070</u>
Balance at 29 February 2020		<u>22,463,273</u>	<u>383,615</u>	<u>(3,565,976)</u>	<u>(433,450)</u>	<u>10,728,012</u>	<u>29,575,474</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	2021 US\$	2020 US\$
Operating activities		
Profit before income tax	23,357,765	9,536,558
Adjustments for:		
Amortisation of mining properties	432,318	376,176
Depreciation of plant and equipment	2,364,949	1,950,918
Depreciation of right-of-use assets	342,595	315,226
Share-based payment expenses	–	786,946
Gain on modification of lease contracts	(149)	(208)
Interest income	(39,047)	(146,632)
Interest expense	62,033	42,721
(Gain)/Loss on disposal of plant and equipment	(29,537)	3,594
Plant and equipment written off	–	831
Unrealised foreign exchange loss/(gain)	398,584	(7,113)
Operating cash flows before working capital changes	26,889,511	12,859,017
Working capital changes:		
Inventories	(58,035)	(419,951)
Trade and other receivables	(10,136,277)	(1,842,636)
Trade and other payables	3,183,346	654,787
Cash generated from operations	19,878,545	11,251,217
Income tax paid	(4,093,879)	(2,232,170)
Income tax refunded	586	168,965
Net cash flow from operating activities	15,785,252	9,188,012
Investing activities		
Additions of exploration and evaluation assets	(717,012)	(1,933,683)
Additions of plant and equipment	(3,151,035)	(4,420,313)
Advance payment of purchase consideration on acquisition of a subsidiary	(9,000,000)	–
Proceeds from disposal of plant and equipment	130,985	29,536
Interest received	39,047	146,632
Net cash used in investing activities	(12,698,015)	(6,177,828)
Financing activities		
Repayment of bank borrowings (Note A)	(51,825)	(22,063)
Interest paid on bank borrowings (Note A)	(29,472)	(2,776)
Repayment of principal portion of lease liabilities (Note A)	(525,372)	(297,566)
Repayment of interest portion of lease liabilities (Note A)	(32,561)	(39,945)
Repayment to shareholders (Note A)	(4,691,694)	(3,316,929)
Proceeds from issuance of new ordinary shares	–	11,098,500
Proceed from issuance of new ordinary share to non-controlling interest by a subsidiary	6	–
Shares issue expenses	–	(550,117)
Dividends paid	(574,817)	(1,331,820)
Net cash flow (used in)/from financing activities	(5,905,735)	5,537,284
Net change in cash and cash equivalents	(2,818,498)	8,547,468
Effect of exchange rate changes on cash and cash equivalents	376,253	(434,389)
Cash and cash equivalents at beginning of financial year	10,242,507	2,129,428
Cash and cash equivalents at end of financial year	7,800,262	10,242,507

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

Note A: Reconciliation of liabilities arising from financing activities

	Non cash changes							At 28 February 2021 US\$
	At 1 March 2020 US\$	Cash flows US\$	Additions of plant and equipment under bank borrowings US\$	Additions of right-of-use assets US\$	Modification of lease terms US\$	Accretion of interest US\$	Foreign currency translation US\$	
Bank borrowings	72,342	(81,297)	1,931,101	–	–	29,472	3,158	1,954,776
Lease liabilities	544,009	(557,933)	–	259,880	(66,551)	32,561	23,745	235,711
Amounts due to shareholders	4,495,457	(4,691,694)	–	–	–	–	196,237	–
	<u>5,111,808</u>	<u>(5,330,924)</u>	<u>1,931,101</u>	<u>259,880</u>	<u>(66,551)</u>	<u>62,033</u>	<u>223,140</u>	<u>2,190,487</u>

	Non cash changes							At 29 February 2020 US\$	
	At 1 March 2019 US\$	Adoption of SFRS(I) 16 US\$	Cash flows US\$	Additions of plant and equipment under bank borrowings US\$	Additions of right-of-use assets US\$	Group restructuring exercise US\$	Accretion of interest US\$		Foreign currency translation US\$
Bank borrowings	–	–	(24,839)	94,405	–	–	2,776	–	72,342
Lease liabilities	–	71,799	(337,511)	–	778,133	–	39,945	(8,357)	544,009
Amounts due to shareholders	15,721,339	–	(3,316,929)	–	–	(7,330,206)	–	(578,747)	4,495,457
	<u>15,721,339</u>	<u>71,799</u>	<u>(3,679,279)</u>	<u>94,405</u>	<u>778,133</u>	<u>(7,330,206)</u>	<u>42,721</u>	<u>(587,104)</u>	<u>5,111,808</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

1. General corporate information

Fortress Minerals Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and its registered office and principal place of business are 8 Robinson Road #03-00 ASO Building Singapore 048544 and 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia respectively. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The registration number of the Company is 201732608K.

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

The Company’s ultimate controlling party is Chee Yew Fei, who is a Director of the Company as at 28 February 2021.

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)”) 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 2020

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 2021

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

As at the date of the authorisation of these financial statements, the following SFRS(I)s were issued but not yet effective and have not been adopted in these financial statements:

	Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	To be determined
SFRS(I) 3 (Amendments)	1 January 2022
SFRS(I) 1-16 (Amendments)	1 January 2022
SFRS(I) 1-37 (Amendments)	1 January 2022
Various	1 January 2022
SFRS(I) 17	1 January 2023*
SFRS(I) 1-1 (Amendments)	1 January 2023**
Various	1 January 2023
SFRS(I) 4	1 January 2023

* SFRS(I) 17 was originally effective for annual period beginning on or after 1 January 2021, however, in November 2020, the mandatory effective date was deferred to 1 January 2023.

** Amendments to SFRS(I) 1-1 were originally effective for annual period beginning on or after 1 January 2022. In July 2020, the effective date was deferred to 1 January 2023.

Consequential amendments were also made to various standards as a result of these new or revised standards.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

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

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

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.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.4 Exploration and evaluation assets

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

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are initially measured at cost less any impairment loss that has been recognised in profit or loss. Costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities.

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 "Mines under construction" which is a sub-category of Mining Properties when the resources are established and development is sanctioned.

2.5 Mining properties

During the mine construction stage, the Group capitalises all cost related to mining properties on a property-by-property basis. Such costs include mining properties' acquisition costs and development expenditures, net of recoveries. Expenditures from "Exploration and evaluation assets" is transferred to "Mines under Construction", which is sub-category of "Mining Properties" once the works completed to date supports the future development of the property. After production commenced, all assets included in "Mines under construction" are then transferred to "Producing mines" which is also sub-category of "Mining properties".

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.5 Mining properties (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.7 Plant and equipment (Continued)

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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

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 payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

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 2.9 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 are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

- 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.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

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

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for other receivables and deposits, short-term investments, 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.

Financial liabilities

The Group and the Company classify all financial liabilities as subsequently measured at amortised cost. The Group and the Company determine the classification of their financial liabilities at initial recognition.

Trade and other payables

Trade and other payables 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 is initially measured at fair value, net of transaction cost and is subsequently measured at amortised cost, using the effective interest method. Any difference between the proceed (net of transaction cost) and the settlement or redemption of borrowing is recognised over the term of the borrowing in accordance with the Group's accounting policy for borrowing costs (Note 2.15).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities (Continued)

Bank borrowings (Continued)

Derecognition of financial liabilities

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

Equity instruments

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

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

2.11 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.

2.12 Cash and cash equivalents

Cash and cash equivalents 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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.14 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, if any, amounts collected on behalf of third parties (i.e. sales related taxes) 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.

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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits (Continued)

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.

2.17 Income tax

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

2. Summary of significant accounting policies (Continued)

2.17 Income tax (Continued)

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.

2.18 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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

3. Critical accounting judgements and key sources of estimation uncertainty

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.

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.

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 and mining properties

The Group assesses these assets at each reporting date 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 and mining properties, taking into consideration the remaining estimated mining resources, production costs, iron ore prices and continuation of the production activities. The carrying amount of exploration and evaluation assets, plant and equipment and mining properties as at 28 February 2021 were US\$3,306,243 (2020: US\$2,321,853), US\$16,605,126 (2020: US\$13,498,301) and US\$6,162,325 (2020: US\$6,343,918) respectively.

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 2021 was US\$6,162,325 (2020: US\$6,343,918).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

4. Investments in subsidiaries

	Company	
	2021 US\$	2020 US\$
Unquoted equity shares, at cost	12,402,992	11,405,647

	Company	
	2021 US\$	2020 US\$
Unquoted equity shares, at cost		
Balance at beginning of financial year	11,405,647	1
Acquisition pursuant to group restructuring	-	3,833,649
Acquisition of a subsidiary	23	-
Capitalisation of amounts owing to the Company	-	4,973,247
Additional capital contribution	997,322	2,598,750
Balance at end of financial year	12,402,992	11,405,647

(a) During the current 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

4. Investments in subsidiaries (Continued)

(b) In the previous financial year ended 29 February 2020:

(i) Acquisition of a subsidiaries – Fortress Mining Sdn. Bhd (“FMSB”) & Fortress Resources Pte Ltd (“Fortress Resources”)

Upon the completion of the Group restructuring exercise on 8 March 2019, the Company acquired entire paid up capital in FMSB for a consideration of US\$3,833,649. After completion of group restructuring, the Group is still under common control of the ultimate controlling party.

The merger reserve of US\$3,565,976 represented the difference between the consideration paid and the paid-up capital of the acquired subsidiary amounting to US\$267,673 that was accounted for by applying the “pooling-of-interest” method.

(ii) Additional share capital in a subsidiary – FMSB

On 7 January 2020, FMSB issued of 31,000,000 new ordinary shares at the issued price of MYR1 per ordinary share. The purchase consideration of US\$7,751,997 was satisfied by way of capitalisation US\$4,973,247 of the amount due from FMSB to the Company and remaining contributed addition capital by way of cash of US\$2,598,750.

(iii) Incorporation of a subsidiary – Fortress Dredging Sdn. Bhd. (“Fortress Dredging”)

On 20 February 2020, the Company incorporated a subsidiary in Malaysia, Fortress Dredging for a consideration of MYR2 (equivalent to US\$0.47). The incorporation of the subsidiary has no material financial impact to the Group and of the Company.

(iv) Additional share capital in a subsidiary – Fortress Logistic Sdn. Bhd. (“Fortress Logistic”)

On 18 December 2019, FMSB subscribed for additional share capital in its subsidiary Fortress Logistic, a company incorporated in Malaysia for a purchase consideration of US\$410,000 (equivalent to MYR1,700,000). The purchase contribution was satisfied by way of capitalisation of part of the amount due from Fortress Logistics. The acquisition of the subsidiary has not resulted in any change in the equity interest held by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

4. Investments in subsidiaries (Continued)

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	
		2021	2020	2021	2020
		%	%	%	%
Fortress Resources Pte. Ltd. ⁽¹⁾ (Singapore)	Wholesale trade of a variety of goods without dominant product	100	100	–	–
Fortress Mining Sdn. Bhd. ⁽²⁾ (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals	100	100	–	–
Fortress Dredging Sdn. Bhd. ⁽²⁾ (Malaysia)	Business of extraction, dredging and dealing of industrial sand, acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals.	100	100	–	–
Fortress Metals Sdn. Bhd. ⁽²⁾ (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	100	–	–	–
<i>Held by Fortress Mining Sdn. Bhd.</i>					
Fortress Logistics Sdn. Bhd. ⁽²⁾ (Malaysia)	Transport of iron ore and minerals, renting of transport equipment and vehicles and supporting services for transport equipment and vehicles	100	100	–	–
Fortress Industries Sdn. Bhd. ⁽²⁾ (Malaysia)	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	100	100	–	–
Fortress Fe Sdn. Bhd. ⁽²⁾ (Malaysia)	Acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals	75	–	25	–

⁽¹⁾ Audited by BDO LLP, Singapore

⁽²⁾ Audited by BDO PLT, Malaysia

The non-controlling interest of Fortress Fe that is not 100% owned by the Group is considered to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

5. Exploration and evaluation assets

	Group	
	2021 US\$	2020 US\$
Balance at beginning of financial year	2,321,853	403,005
Additions	883,036	1,933,683
Exchange translation differences	101,354	(14,835)
Balance at end of financial year	<u>3,306,243</u>	<u>2,321,853</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.

During the financial year, employee benefits of US\$255,911 (2020: US\$127,700) were capitalised in exploration and evaluation assets. Included in these employee benefits capitalised were contributions to defined contribution plans of US\$2,783 (2020: US\$6,175).

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	
	2021 US\$	2020 US\$
Additions of exploration and evaluation assets	883,036	1,933,683
Non-cash item due to capitalisation of depreciation of right-of-use assets	(166,024)	–
Cash payments to additions of exploration and evaluation assets	<u>717,012</u>	<u>1,933,683</u>

6. Mining properties

	Group	
	2021 US\$	2020 US\$
Cost		
Balance at beginning of financial year	7,029,213	7,297,869
Exchange translation differences	306,841	(268,656)
Balance at end of financial year	<u>7,336,054</u>	<u>7,029,213</u>
Amortisation		
Balance at beginning of financial year	685,295	324,809
Charge for the financial year	443,154	379,608
Exchange translation differences	45,280	(19,122)
Balance at end of financial year	<u>1,173,729</u>	<u>685,295</u>
Carrying amount		
Balance at end of financial year	<u>6,162,325</u>	<u>6,343,918</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

6. Mining properties (Continued)

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

	Group	
	2021 US\$	2020 US\$
Charged to profit or loss	432,318	376,176
Capitalised as inventories	10,836	3,432
	443,154	379,608

7. Plant and equipment

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Group							
Cost							
Balance at 1 March 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	20,661	81,584	732,899	12,073,700	7,907,841	1,436,503	22,253,188
Accumulated depreciation							
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	(11,990)	(25,693)	(381,164)	(2,900,283)	(2,328,932)	–	(5,648,062)
Net carrying amount							
Balance at 28 February 2021	8,671	55,891	351,735	9,173,417	5,578,909	1,436,503	16,605,126
Cost							
Balance at 1 March 2019	14,457	19,278	542,935	7,054,106	4,192,773	745,064	12,568,613
Additions	5,872	28,625	56,496	3,412,733	647,022	363,970	4,514,718
Disposal	–	–	–	(31,409)	(14,598)	–	(46,007)
Written off	–	(978)	–	–	–	–	(978)
Reclassification	–	–	–	717,636	–	(717,636)	–
Exchange translation differences	(533)	(710)	(19,987)	(259,682)	(154,348)	(27,428)	(462,688)
Balance at 29 February 2020	19,796	46,215	579,444	10,893,384	4,670,849	363,970	16,573,658
Accumulated depreciation							
Balance at 1 March 2019	(3,939)	(6,859)	(128,659)	(716,314)	(347,319)	–	(1,203,090)
Depreciation for the financial year	(3,807)	(7,631)	(114,209)	(943,657)	(897,395)	–	(1,966,699)
Disposal	–	–	–	9,227	3,650	–	12,877
Written off	–	147	–	–	–	–	147
Exchange translation differences	217	396	6,892	44,180	29,723	–	81,408
Balance at 29 February 2020	(7,529)	(13,947)	(235,976)	(1,606,564)	(1,211,341)	–	(3,075,357)
Net carrying amount							
Balance at 29 February 2020	12,267	32,268	343,468	9,286,820	3,459,508	363,970	13,498,301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

7. Plant and equipment (Continued)

The carrying amounts of plant and equipment of the Group secured by bank borrowings (Note 17) as at 28 February 2021 are US\$2,498,697 (2020: US\$123,102).

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

	Group	
	2021	2020
	US\$	US\$
Additions of plant and equipment	5,119,175	4,514,718
Acquired under bank borrowings	(1,931,101)	(94,405)
Consideration payable in relation to acquisition of plant and equipment	(37,039)	–
Cash payments to acquire plant and equipment	<u>3,151,035</u>	<u>4,420,313</u>

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

	Group	
	2021	2020
	US\$	US\$
Charged to profit or loss	2,364,949	1,950,918
Capitalised in inventories	51,408	15,781
	<u>2,416,357</u>	<u>1,966,699</u>

In the previous financial year, employee benefits of US\$157,135 were capitalised in plant and equipment. Included in these employee benefits capitalised were contributions to defined contribution plans of US\$6,641.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

8. Right-of-use assets

	Premises US\$	Motor vehicles US\$	Total US\$
Group			
Cost			
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	120,291	944,399	1,064,690
Accumulated depreciation			
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	(41,853)	(811,621)	(853,474)
Net carrying amount			
Balance at 28 February 2021	78,438	132,778	211,216
Cost			
Balance at 1 March 2019	71,799	–	71,799
Additions	9,297	768,836	778,133
Modification of lease terms	(11,049)	–	(11,049)
Exchange translation differences	208	–	208
Balance at 29 February 2020	70,255	768,836	839,091
Accumulated depreciation			
Balance at 1 March 2019	–	–	–
Depreciation	(19,074)	(298,966)	(318,040)
Modification of lease terms	2,738	–	2,738
Exchange translation differences	310	5,642	5,952
Balance at 29 February 2020	(16,026)	(293,324)	(309,350)
Net carrying amount			
Balance at 29 February 2020	54,229	475,512	529,741

The carrying amounts of premises and motor vehicle of the Group were secured over the lease liabilities (Note 18) 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 2021

8. Right-of-use assets (Continued)

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

	Group	
	2021 US\$	2020 US\$
Charged to profit or loss	342,595	315,226
Capitalised in inventories	6,351	2,814
Capitalised in exploration and evaluation assets	166,024	–
	514,970	318,040

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 a decrease to the right-of-use assets. The corresponding remeasurement to lease liability is disclosed under Note 18 to the financial statements.

9. Inventories

	Group	
	2021 US\$	2020 US\$
Iron ores	196,601	231,485
Consumables	832,504	633,242
	1,029,105	864,727

The cost of inventories recognised as expense and included in "cost of sales" amounted to US\$11,251,832 (2020: US\$8,645,043).

10. Trade receivables

	Group	
	2021 US\$	2020 US\$
Trade receivables – third parties	11,208,481	3,393,708

Trade receivables are unsecured, non-interest bearing and is on a credit term of 7 to 14 days (2020: 7 to 14 days). The trade receivables for the current and previous financial years are all current and not overdue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

10. Trade receivables (Continued)

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	
	2021 US\$	2020 US\$
Malaysian ringgit	13,520	14,138
United States dollar	11,194,961	3,379,570
	11,208,481	3,393,708

11. Other receivables, deposits and prepayments

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Other receivables	-	1,184	-	-
Advance payment of purchase consideration on acquisition of a subsidiary*	9,000,000	-	9,000,000	-
Deposits	1,346,797	1,279,115	50	-
Prepayments	3,172,432	861,273	-	-
GST receivables	-	276	-	-
	13,519,229	2,141,848	9,000,050	-
Less:				
Prepayments	(3,172,432)	(861,273)	-	-
GST receivables	-	(276)	-	-
Add:				
Trade receivables (Note 10)	11,208,481	3,393,708	-	-
Cash and bank balances (Note 13)	7,800,262	10,242,507	4,590,919	7,807,721
Total financial assets carried at amortised cost	29,355,540	14,916,514	13,590,969	7,807,721

* These related to partial consideration paid in advance for the acquisition of entire issued and paid-up share capital of Monument Mengapur Sdn. Bhd. and its subsidiaries ("MMSB Group"). Subsequent to financial year ended 28 February 2021, the Company completed the acquisition of MMSB (Note 35.3).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

11. Other receivables, deposits and prepayments (Continued)

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

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Malaysian ringgit	1,346,747	1,280,299	-	-
United States dollar	9,000,050	-	9,000,050	-
	10,346,797	1,280,299	9,000,050	-

12. Amounts due from subsidiaries

	Company	
	2021 US\$	2020 US\$
Amounts due from subsidiaries (non-trade)	2,463,813	4,346,240

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	
	2021 US\$	2020 US\$
Malaysian ringgit	2,463,813	3,446,240
United States dollar	-	900,000
	2,463,813	4,346,240

13. Cash and bank balances

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Cash at banks	7,513,902	6,633,120	4,590,919	4,226,337
Cash on hand	21,473	28,003	-	-
Short term deposits	264,887	3,581,384	-	3,581,384
	7,800,262	10,242,507	4,590,919	7,807,721

Short term deposits bear interest of 0.15% per annum (2020: 1.35% to 1.49% per annum) during the financial year and with maturity of one month from the end of the financial year ended 28 February 2021. The Group's short term deposits are readily convertible to cash at minimal cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

13. Cash and bank balances (Continued)

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

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Malaysian ringgit	1,276,265	2,054,433	–	–
Singapore dollar	1,254,935	6,714,421	1,172,383	6,697,879
United States dollar	5,269,062	1,473,653	3,418,536	1,109,842
	7,800,262	10,242,507	4,590,919	7,807,721

14. Share capital

	Group			
	2021		2020	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Issued and fully paid:				
Balance at beginning of financial year	500,000,000	22,463,273	1,001,000	268,407
Issue of shares pursuant to Restructuring Exercise ^(iv)	–	–	417,749,000	10,896,182
	500,000,000	22,463,273	418,750,000	11,164,589
Issuance of professional fee shares ⁽ⁱ⁾	–	–	6,250,000	925,583
Issuance of shares pursuant to an Initial public offering exercise ⁽ⁱⁱ⁾	–	–	75,000,000	11,098,500
Shares issue expenses ⁽ⁱⁱⁱ⁾	–	–	–	(725,399)
Balance at end of financial year	500,000,000	22,463,273	500,000,000	22,463,273

	Company			
	2021		2020	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Issued and fully paid				
Balance at beginning of financial year	500,000,000	22,463,273	1,000	734
Issue of shares pursuant to Restructuring Exercise ^(iv)	–	–	418,749,000	11,163,855
	500,000,000	22,463,273	418,750,000	11,164,589
Issuance of professional fee shares ⁽ⁱ⁾	–	–	6,250,000	925,583
Issuance of shares pursuant to an Initial public offering exercise ⁽ⁱⁱ⁾	–	–	75,000,000	11,098,500
Shares issue expenses ⁽ⁱⁱⁱ⁾	–	–	–	(725,399)
Balance at end of financial year	500,000,000	22,463,273	500,000,000	22,463,273

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

14. Share capital (Continued)

In the previous financial year ended 29 February 2020:

- (i) On 19 March 2019, the Company increased its issued and fully paid up share capital by way of allotment and issuance of 4,000,000 and 2,250,000 new ordinary shares at an issue price of S\$0.20 per share to Prime Partners Corporate Finance Pte Ltd and Laguna Star Ventures Limited respectively as partial payment of professional service fees.
- (ii) On 27 March 2019, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 75,000,000 new ordinary shares at an issue price of S\$0.20 per ordinary share for cash consideration of approximately S\$15,000,000 (approximately US\$11,098,500) pursuant to an initial public offering.
- (iii) Included in these expenses is an allocation portion of professional fees paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The allocation portion of professional fees amounted to US\$18,851.
- (iv) After the restructuring exercise on 8 March 2019 which included the acquisition of FMSB and loan capitalisation of certain loans due to the pre-structuring FMSB shareholders (the "Restructuring Exercise"), the Company allotted and issued 418,749,000 shares to these pre-structuring FMSB shareholders. Following the completion of the above transactions, the resultant issued and paid-up share capital of the Company increased by US\$11,163,855. At Group level, deemed distribution to owners pursuant to the Restructuring Exercise was US\$267,673. Therefore, total issuance of new ordinary shares pursuant to completion of the Restructuring Exercise resulted in an increase of issued and paid-up capital which amounted to US\$10,896,182.

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.

15. Other reserves

	Group	
	2021	2020
	US\$	US\$
Capital reserve	383,615	383,615
Merger reserve	(3,565,976)	(3,565,976)
Foreign currency translation reserve	729,404	(433,450)
	<u>(2,452,957)</u>	<u>(3,615,811)</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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

16. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2021 US\$	2020 US\$
Balance at beginning of financial year	1,034,422	(1,073,155)
Total comprehensive income for financial year	5,485,812	3,439,397
Dividends (Note 30)	(574,817)	(1,331,820)
Balance at end of financial year	<u>5,945,417</u>	<u>1,034,422</u>

17. Bank borrowings

	Group	
	2021 US\$	2020 US\$
Secured		
Non-current	1,301,895	34,359
Current	652,881	37,983
	<u>1,954,776</u>	<u>72,342</u>

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

	Group	
	2021 US\$	2020 US\$
Payable		
– No later than one financial year	652,881	37,983
– Between one and two financial years	1,301,895	23,827
– Between two and five financial years	–	10,532
	<u>1,954,776</u>	<u>72,342</u>

The fair values of non-current bank borrowings as at end of reporting period approximate its carrying amounts due to market borrowing rates ranging from 3.30% to 4.79% (2020: 2.48% to 3.72%) have been applied.

Bank borrowings are secured by certain motor vehicles and machinery (2020: motor vehicle) (Note 7).

The currency exposure profile of bank borrowings as at the end of the reporting date was in Malaysian ringgit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

18. Lease liabilities

	Premises US\$	Group Motor vehicles US\$	Total US\$
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
As at 1 March 2019	71,799	–	71,799
Additions	9,297	768,836	778,133
Interest expense	4,404	35,541	39,945
Modification of lease terms	(8,519)	–	(8,519)
Lease payments			
– Principal portion	(16,950)	(280,616)	(297,566)
– Interest portion	(4,404)	(35,541)	(39,945)
Exchange translation differences	162	–	162
At 29 February 2020	55,789	488,220	544,009

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

	Group	
	2021 US\$	2020 US\$
Contractual undiscounted cash flows		
– No later than one financial year	205,768	418,503
– Between one and two financial years	36,298	135,432
– Between two and five financial years	–	19,165
	242,066	573,100
Less: Future interest expense	(6,355)	(29,091)
Present value of lease liabilities	235,711	544,009
Presented in consolidated statement of financial position		
– Non-current	35,289	150,456
– Current	200,422	393,553
	235,711	544,009

The Group leases office space, hostels, storage space and motor vehicles (2020: an office space, hostels and motor vehicles) in Malaysia with only fixed payment over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

18. Lease liabilities (Continued)

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\$560,272 (2020: US\$377,946).

As at 29 February 2021, the weighted average incremental borrowing rate applied was 5.21% per annum (2020: 6.82% per annum).

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

19. Deferred tax liabilities

	Group	
	2021	2020
	US\$	US\$
<u>Accelerated depreciation</u>		
Balance at beginning of financial year	1,466,788	504,898
(Credited)/Charged to profit or loss	(141,196)	999,338
Exchange translation differences	59,132	(37,448)
Balance at end of financial year	<u>1,384,724</u>	<u>1,466,788</u>

The deferred tax liabilities are attributable to temporary differences arising from plant and equipment and mining properties.

20. Trade payables

The trade payables are unsecured, interest free and repayable within the credit terms of 30 days (2020: 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 2021

21. Other payables and accruals

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Other payables	1,089,022	405,012	3,823	345
Accruals	4,762,671	2,145,329	42,013	51,817
	5,851,693	2,550,341	45,836	52,162
Add:				
Trade payables	420,167	377,755	-	-
Bank borrowings (Note 17)	1,954,776	72,342	-	-
Lease liabilities (Note 18)	235,711	544,009	-	-
Amounts due to shareholders (Note 22)	-	4,495,457	-	-
Total financial liabilities carried at amortised cost	8,462,347	8,039,904	45,836	52,162

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

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Malaysian ringgit	5,796,273	2,486,194	-	-
United States dollar	-	2,979	-	-
Singapore dollar	55,420	61,168	45,836	52,162
	5,851,693	2,550,341	45,836	52,162

22. Amounts due to shareholders

The amounts due to shareholders were non-trade related, unsecured, interest-free and repayable on demand in cash. During the current financial year, the Group had fully settled the entire amount.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

23. 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	
	2021	2020
	US\$	US\$
<i>Primary geographical market</i>		
China	2,700,486	–
Malaysia	39,896,749	25,925,041
Vietnam	5,121,011	–
	<u>47,718,246</u>	<u>25,925,041</u>
<i>Type of goods and services</i>		
Sale of iron ore	47,718,246	25,864,833
Others	–	60,208
	<u>47,718,246</u>	<u>25,925,041</u>
<i>Timing of transfer of goods and services</i>		
Point in time	<u>47,718,246</u>	<u>25,925,041</u>

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

24. Other income

	Group	
	2021	2020
	US\$	US\$
Sales of semi-processed iron ore	–	354,103
Gain on disposal of plant and equipment	29,537	–
Gain on modification of lease contracts	149	208
Others	55,721	4,830
	<u>85,407</u>	<u>359,141</u>

25. Employee benefits expenses

	Group	
	2021	2020
	US\$	US\$
Wages, salaries, bonuses and other emoluments	5,573,607	3,929,374
Contributions to defined contribution plans	297,607	257,024
Social security contributions	33,065	26,040
Other benefits	244,771	494,162
	<u>6,149,050</u>	<u>4,706,600</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

25. Employee benefits expenses (Continued)

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

	Group	
	2021	2020
	US\$	US\$
Profit or Loss		
– Cost of sales	2,654,621	2,454,981
– Other operating expenses	3,235,735	1,966,783
	5,890,356	4,421,764
Capitalised		
– Exploration and evaluation assets	258,694	127,700
– Plant and equipment	–	157,136
	258,694	284,836
	6,149,050	4,706,600

Employee benefit expenses relating to key management personnel are disclosed in Note 32 to the financial statements

26. Finance costs

	Group	
	2021	2020
	US\$	US\$
Interest expense on:		
– bank borrowings	29,472	2,776
– lease liabilities	32,561	39,945
	62,033	42,721

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

27. 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	
	2021	2020
	US\$	US\$
<i>Selling and distribution expenses</i>		
Handling and transportation charges	1,134,987	1,177,180
Commission expense	785,201	312,235
Ocean freight	1,097,732	–
Royalty expense	1,725,568	1,205,179
<i>Other operating expenses</i>		
Travelling and accommodation	113,784	199,516
Tools and small equipment	729,996	520,906
Upkeep of site	172,065	142,113
Upkeep of machineries	1,395,409	957,746
Lease expenses on:		
– short-term leases	2,339	20,798
– low value assets	–	19,637
<i>Administrative expenses</i>		
Audit fee paid/payable to:		
– auditors of the Company	44,540	47,688
– other auditors	18,134	10,852
Non-audit fee paid/payable to:		
– auditors of the Company	8,021	3,935
– other auditors [#]	24,641	3,280
Due diligence expenses	205,236	–
Foreign exchange loss, net	193,188	175,821
Initial public offering expenses [*]	–	929,683
Loss on disposal of plant and equipment	–	3,594
Plant and equipment written off	–	831

Included in the due diligence expenses were professional fees paid to external auditor amounted to US\$15,347 in respect of financial and tax due diligence for the acquisition of MMSB.

* Included in these expenses were professional fees paid to the external auditor of the Company amounted to US\$6,316 in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fee rendered as independent reporting auditors, amounted to US\$18,851 was charged to shares issues expenses under share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

28. Income tax expense

	Group	
	2021	2020
	US\$	US\$
Current income tax		
– current financial year	5,241,582	2,241,206
– under/(over) provision in respect of prior financial years	12,055	(201,432)
	<u>5,253,637</u>	<u>2,039,774</u>
Deferred tax		
– current financial year	271,051	388,424
– (over)/under provision in respect of prior financial years	(412,247)	610,914
	<u>(141,196)</u>	<u>999,338</u>
Income tax expense recognised in profit or loss	<u>5,112,441</u>	<u>3,039,112</u>

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% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021	2020
	US\$	US\$
Profit before income tax	23,357,765	9,536,558
Income tax calculated using applicable tax rate of 17% (2020: 17%)	3,970,820	1,621,215
Add/(Less):		
Effect of different tax rate of overseas operations	1,335,142	764,772
Effect of non-allowable items	283,587	285,884
Effect of income not subject to tax	(62,534)	(29,492)
Corporate tax rebate and incentive	(14,382)	(12,749)
Under/(Over) provision of current income tax in prior financial years	12,055	(201,432)
(Over)/Under provision of deferred tax in prior financial years	(412,247)	610,914
	<u>5,112,441</u>	<u>3,039,112</u>

29. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2021	2020
Profit for the financial year attributable to owners of the Company (US\$)	18,253,936	6,497,446
Weighted-average number of ordinary shares	500,000,000	494,774,590
<i>Earnings per share (in cents)</i>		
– Basic and diluted	<u>3.65</u>	<u>1.31</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 2021

30. Dividends

	Company	
	2021	2020
	US\$	US\$
Ordinary dividends paid:		
In respect of financial year ended 29 February 2020		
– First interim one-tier tax exempt dividend of 0.16 Singapore cents (equivalent to 0.12 US cents) per ordinary share	–	591,920
– Second interim one-tier tax exempt dividend of 0.20 Singapore cents (equivalent to 0.15 US cents) per ordinary share	–	739,900
– Final one-tier tax exempt dividend of 0.16 Singapore cents (equivalent to 0.11 US cents) per ordinary share		
	574,817	–
	574,817	1,331,820

31. Capital commitments

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

	Group	
	2021	2020
	US\$	US\$
Capital expenditures contracted but not provided for		
– Plant and equipment	1,452,442	44,918

32. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	Group		Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
With subsidiaries				
Dividends received and receivable	–	–	4,943,411	4,826,031
Debts assigned via group restructuring	–	–	–	7,339,047
Paid on behalf to	–	–	83,946	389,825
With related parties				
Lease payments	17,779	17,035	–	–
Purchase of plant and equipment	19,755	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

32. Significant related party transactions (Continued)

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 2021 and 29 February 2020 with related parties are disclosed in Notes 12 and 22 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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Directors' fees	183,378	185,158	173,210	177,923
Salaries and other emoluments	2,418,752	988,151	-	-
Contributions to defined contribution plans	81,298	63,572	-	-
Social security contributions	480	293	-	-
Other benefits	-	21,678	-	21,678
	2,683,908	1,258,852	173,210	199,601
Comprised amounts paid to:				
- Directors of the Company	2,648,664	1,136,602	173,210	199,601
- Directors of subsidiaries	35,244	122,250	-	-
	2,683,908	1,258,852	173,210	199,601

33. 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 revenue to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

33. Segment information (Continued)

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

	Iron ore US\$	Other US\$	Total US\$
2021			
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)	23,876,397	(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)
2020			
Revenue			
External customers, representing total revenue	25,925,041	–	25,925,041
Results:			
Interest income	19,957	126,675	146,632
Amortisation of mining properties	(376,176)	–	(376,176)
Depreciation of right-of-use assets	(315,226)	–	(315,226)
Depreciation of plant and equipment	(1,950,918)	–	(1,950,918)
Loss on disposal of plant and equipment	(3,594)	–	(3,594)
Plant and equipment written off	(831)	–	(831)
Interest expense	(42,721)	–	(42,721)
Segment profit/(loss)	10,916,311	(1,379,753)	9,536,558
Assets:			
Additions to non-current assets	7,226,534	–	7,226,534
Segment assets	31,510,308	7,826,295	39,336,603
Segment liabilities	(5,201,724)	(4,559,405)	(9,761,129)

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\$47,718,246 (2020: US\$25,925,041) is derived from various customers in People Republic of China, Malaysia and Vietnam (2020: Malaysia). The Group derives revenue from 4 (2020: 3) major customers from the iron ore segment who contributed revenue amounting more than 10% of the Group's total revenue. The total revenue from these customers amounted to US\$45,017,760 (2020: US\$25,864,833).

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FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

34. 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.

34.1 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 three trade receivables which accounted for 100% (2020: 100%) of the total trade receivables as at 28 February 2021.

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 10 to the financial statements.

Other receivables including amount due from subsidiaries

For amounts due from subsidiaries (Note 12), 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

34.1 Credit risk (Continued)

Other receivables including amount due from subsidiaries (Continued)

For other receivables, 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 2021, 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.

34.2 Market risk

Market risk arises from the Group's and the Company's use of foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency 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 2021

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

34.2 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\$
2021				
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
2020				
Trade receivables	14,138	-	-	-
Other receivables and deposits (excluding prepayments)	1,280,575	-	-	-
Amount due from subsidiaries	3,446,240	-	3,446,240	-
Cash and bank balances	2,054,433	6,714,421	-	6,697,879
Bank borrowings	(72,342)	-	-	-
Amounts due to shareholders	(4,495,457)	-	-	-
Trade payables	(377,755)	-	-	-
Other payables and accruals	(2,486,194)	(61,168)	-	(52,162)
Lease liabilities	(544,009)	-	-	-
Net financial (liabilities)/assets	(1,180,371)	6,653,253	3,446,240	6,645,717
Less:				
Net financial liabilities denominated in the respective entities' functional currency	4,626,611	-	-	-
Net currency exposure	3,446,240	6,653,253	3,446,240	6,645,717
Sensitivity analysis	286,038	552,220	286,038	551,595

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

34.2 Market risk (Continued)

Foreign currency risk (Continued)

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 is not exposed to interest rate risks as the interest rate charged on interest bearing financial liabilities are fixed.

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% (2020: 10%) higher or lower, with all variables held constant, profit before income tax would have been higher or lower by US\$4,771,825 (2020: US\$2,592,504).

34.3 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 2021

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

34.3 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\$
Group			
At 28 February 2021			
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>
At 29 February 2020			
Trade payables	377,755	–	377,755
Other payables and accruals	2,550,341	–	2,550,341
Bank borrowings	41,330	36,728	78,058
Lease liabilities	418,503	154,597	573,100
Amounts due to shareholders	4,495,457	–	4,495,457
	<u>7,883,386</u>	<u>191,325</u>	<u>8,074,711</u>
			Within 1 financial year US\$
Company			
At 28 February 2021			
Other payables and accruals			<u>45,836</u>
At 29 February 2020			
Other payables and accruals			<u>52,162</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

34.4 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 14, 15 and 16 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 2021 and 29 February 2020.

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	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Trade payables	420,167	377,755	-	-
Other payables and accruals	5,851,693	2,550,341	45,836	52,162
Bank borrowings	1,954,776	72,342	-	-
Lease liabilities	235,711	544,009	-	-
Amounts due to shareholders	-	4,495,457	-	-
Less: Cash and cash equivalents	(7,800,262)	(10,242,507)	(4,590,919)	(7,807,721)
Net debts/(cash)	662,085	(2,202,603)	(4,545,083)	(7,755,559)
Equity attributable to the owners of the Company	48,417,447	29,575,474	28,408,690	23,497,695
Total capital	49,079,532	27,372,871	23,863,607	15,742,136
Gearing ratio (%)	1.35%	n.m.*	n.m.^	n.m.*

* The Group and the Company are in net cash position as at 29 February 2020 and hence no gearing ratios are presented.

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

The Group has no externally imposed capital requirements for the financial years ended 28 February 2021 and 29 February 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

34.5 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).

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 amounts due to shareholders.

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 17 to financial statements.

35. Events after the reporting period

35.1 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 a intended principal activity of 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.

35.2 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 a intended principal activity of to provide site preparation activities such as drilling and blasting works and mining work. The Company holds 80% equity interest of FDTSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

35. Events after the reporting period (Continued)

35.3 Acquisition of the MMSB 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 Monument Mengapur Sdn. Bhd. 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 the Target’s subsidiaries namely Cermat Aman Sdn. Bhd. and Star Destiny Sdn. Bhd., save for free digging oxide magnetite iron materials contained on the top soil at certain areas of the tenement held by CASB, subject to the completion of the Proposed Acquisition and in accordance with the terms thereof.

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

The acquisition remained conditional as at 28 February 2021 due to completion of deliverables as set out in the SPA to be fulfilled by Vendors on the completion date. 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. The acquisition was completed on 7 April 2021. Following the completion of the acquisition, MMSB has become a wholly-owned subsidiary of the Company.

Effective from 10 May 2021, the Monument Mengapur Sdn. Bhd. change its’ name to Fortress Mengapur Sdn. Bhd..

The Company is in the midst of finalising the purchase price allocation report of this acquisition. Accordingly, no disclosure on the effect of the acquisition has been made under the requirements of SFRS(I) 3 *Business Combinations* as the fair value of the net assets of the acquiree is not determinable as at the date of this report.

From the date of acquisition to date of authorisation of financial statements, MMSB’s revenue or profit before tax contribution to the Group is insignificant There will be no significant impact to the Group’s profit and revenue for the financial year even if the combination had taken place at the beginning of the financial year.

35.4 Interim dividend for financial year ended 28 February 2021

The Board of Directors had on 21 April 2021 declared an interim one-tier tax exempt dividend of 1.00 Singapore cents (equivalent to 0.75 US cents) per ordinary share in respect of the financial year ended 28 February 2021.

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 2022.

The Directors of the Company do not recommend the payment of any final dividend in respect of financial year ended 28 February 2021.

36. Authorisation of financial statements

The statement of financial position of the Company as at 28 February 2021 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 28 February 2021 were authorised for issue in accordance with a Directors’ resolution dated 31 May 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MAY 2021

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	11	3.57	7,630	0.00
1,001 – 10,000	116	37.66	808,200	0.16
10,001 – 1,000,000	165	53.57	14,231,800	2.85
1,000,001 & ABOVE	16	5.20	484,952,370	96.99
TOTAL	308	100.00	500,000,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 10 MAY 2021

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	24,670,500	4.93
CITIBANK NOMINEES SINGAPORE PTE LTD	9,011,000	1.80
LOH CHEN YOOK	8,948,300	1.79
SMITH ST INVESTMENT PTE. LTD.	7,328,125	1.46
LAM PIN FAN	6,000,000	1.20
WESTERN CAPITAL SDN. BHD.	5,234,375	1.05
PHILLIP SECURITIES PTE. LTD.	4,927,000	0.99
TEO CHEE KOK	3,263,000	0.65
DBS NOMINEES PTE LTD	3,084,700	0.62
MAYBANK KIM ENG SECURITIES PTE.LTD.	2,012,400	0.40
LOONG CHING HONG	1,966,000	0.39
LEOW FAN SIEW	1,300,000	0.26
KOH SOON MENG	1,020,000	0.20
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	784,300	0.16
ONG KOK HUA	771,600	0.15
WONG KEET WAI GRAEME	765,000	0.15
RAFFLES NOMINEES (PTE) LIMITED	670,500	0.14
TOTAL	487,943,770	97.58

STATISTICS OF SHAREHOLDINGS

AS AT 10 MAY 2021

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 ⁽¹⁾	530	0.00	251,249,470	50.25
Ng Mun Fey ⁽²⁾	–	–	35,593,750	7.12
SDB Mining Sdn. Bhd.	154,937,500	30.99	–	–
Selangor Dredging Berhad ⁽³⁾	–	–	154,937,500	30.99
Teh Wan Sang & Sons Sdn. Bhd. ⁽³⁾⁽⁴⁾	4,200,000	0.84	154,937,500	30.99
Teh Lip Bin ⁽³⁾⁽⁴⁾⁽⁵⁾	–	–	159,137,500	31.83
Teh Lip Kim ⁽³⁾⁽⁴⁾⁽⁶⁾	479,300	0.10	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 2021, approximately 14.92% 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, 23 June 2021 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 2021 together with the Directors’ Statement and the Auditor’s Report thereon. **Resolution 1**
2. To re-elect Mr Loong Ching Hong, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. **Resolution 2**
[See Explanatory Note 1]
3. To re-elect Ms Anita Chew Cheng Im, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. **Resolution 3**
[See Explanatory Note 1]
4. To re-elect Mr Goh Kah Im, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. **Resolution 4**
[See Explanatory Note 1]
5. To approve the payment of Directors’ fees of S\$544,000.00 for the financial year ending 28 February 2022, payable quarterly in arrears. (FY2021: S\$237,000.00) **Resolution 5**
6. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 28 February 2022 and to authorise the Directors to fix their remuneration. **Resolution 6**
7. 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

8. AUTHORITY TO ALLOT AND ISSUE SHARES

That pursuant to Section 161 of the Companies Act, Chapter 50 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 with 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 or 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 7

9. 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 8

By Order of the Board

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

1 June 2021
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Loong Ching Hong, a Non-Executive Director of the Company will, upon re-election as a Director, continue to serve as a Non-Executive Director of the Company and a member of the Remuneration Committee.

Ms Anita Chew Cheng Im, an Independent Director of the Company will, upon re-election as a Director, continue to serve as an Independent Director of the Company, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Ms Anita Chew Cheng Im is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Ms Anita Chew Cheng Im does not have any relationships including immediate family relationships between herself and the Directors, the Company and the substantial shareholders, which may affect her independence.

Mr Goh Kah Im, an Independent Director of the Company will, upon re-election as a Director, continue to serve as an Independent Director of the Company and the Chairman of the Audit Committee. Mr Goh Kah Im is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Goh Kah Im does not have any relationships including immediate family relationships between himself and the Directors, the Company and the substantial shareholders, which may affect his independence.

Further information on all the abovementioned directors can be found under the sections titled “Board of Directors”, “Corporate Governance Report” and “Key Information” of the Company’s FY2021 Annual Report (the “AR”).

2. Ordinary Resolution 7, 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 7 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 7 is passed and any subsequent consolidation or subdivision of shares.

3. Ordinary Resolution 8, 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.

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 AGM (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, 23 June 2021 at 11:00 a.m. are set out in the Company’s announcement dated 1 June 2021 (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.

NOTICE OF ANNUAL GENERAL MEETING

In particular, the AGM will be held by way of electronic means and a member 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 17 June 2021, at the URL <https://globalmeeting.bigbangdesign.co/fortress/>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will on 22 June 2021 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 23 June 2021.

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 17 June 2021 via the following:

- (a) pre-registration link at URL <https://globalmeeting.bigbangdesign.co/fortress/>; or
 - (b) email to corporate@fortress.sg; or
 - (c) post to the registered office at 8 Robinson Road #03-00 ASO Building, Singapore 048544.
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 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,
- in either case, by 11:00 a.m. on 20 June 2021, being not less than seventy-two (72) hours before the time appointed for holding the Meeting.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company 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 (Chapter 50) 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 14 June 2021.

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 1 June 2021 ("**Announcement**") which has been uploaded together with the Notice of AGM dated 1 June 2021 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 1 June 2021 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**", and together with its subsidiaries, the "**Group**"), 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, 23 June 2021 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 2021 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Re-election of Mr Loong Ching Hong as a Director of the Company.			
3.	Re-election of Ms Anita Chew Cheng Im as a Director of the Company.			
4.	Re-election of Mr Goh Kah Im as a Director of the Company.			
5.	Approval of payment of Directors' fees of S\$544,000.00 for the financial year ending 28 February 2022, payable quarterly in arrears.			
6.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
7.	Authority to allot and issue shares in the capital of the Company.			
8.	Authority to allot and issue shares under the Fortress Employee Share Option Scheme.			

Dated this _____ day of _____ 2021.

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 (Cap. 289) 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

in either case, by 11.00 a.m. on 20 June 2021, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company 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 (Chapter 50) 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 14 June 2021.

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 1 June 2021.



fortress

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