



fortress

FORTRESS MINERALS LIMITED

Annual Report
2020



COMMITTED TO CREATING VALUE

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Fortress Minerals Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 27 March 2019. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

This annual report has not been examined nor approved by the SGX-ST. The SGX-ST 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 contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

CORPORATE PROFILE

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

We pride ourselves in our high grade iron ore concentrate and our team of dedicated engineers, geologists, skilled technicians and various other professionals who contribute significantly to our Group’s overall competency, productivity and efficiency. Our team is committed towards long term value creation to optimise the wellbeing of all our stakeholders.

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

Fortress upholds our team’s safety, values, integrity and honesty. The team leads the business to achieve our vision of becoming a safe and efficient iron ore concentrate producer in Malaysia.

VISION

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

MISSION

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chew Wai Chuen

(Chairman and Independent Director)

Dato' Sri Ivan Chee

(Executive Director and Chief Executive Officer ("CEO"))

Ng Mun Fey

(Executive Director and Chief Operating Officer ("COO"))

Teh Lip Kim

(Non-executive and Non-independent Director)

Loong Ching Hong

(Non-executive and Non-independent Director)

Willa Chee Keng Fong

(Non-executive and Non-independent Director)

Anita Chew Cheng Im

(Independent Director)

Goh Kah Im

(Independent Director)

AUDIT COMMITTEE

Goh Kah Im

(Chairman)

Anita Chew Cheng Im

Chew Wai Chuen

REMUNERATION COMMITTEE

Chew Wai Chuen

(Chairman)

Anita Chew Cheng Im

Loong Ching Hong

NOMINATING COMMITTEE

Anita Chew Cheng Im

(Chairman)

Chew Wai Chuen

Dato' Sri Ivan Chee

JOINT COMPANY SECRETARIES

Nor Hafiza Alwi

Loh Mei Ling

REGISTERED OFFICE

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

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,

It is with great pleasure to present to you Fortress Minerals Limited's ("Fortress" or the "Company" and collectively with its subsidiaries, the "Group") annual report for the financial year ended 29 February 2020 ("FY2020").

Fortress recently celebrated the first anniversary of its listing on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 March 2020 in the midst of the restricted movement control ("MCO") implemented in Malaysia in response to the COVID-19 pandemic world-wide. Our Bukit Besi Mine in Malaysia was also impacted with government orders ceasing all business activities from 18 March 2020. As announced on 29 April 2020, following the approval from the Malaysian Ministry of International Trade and Industry ("MITI") on the resumption of the operation of the Company's subsidiaries, namely Fortress Logistics Sdn. Bhd. and Fortress Mining Sdn. Bhd., our business activities have since returned to normalcy on 29 April 2020.

Human Capital

Despite the severity of the pandemic world-wide, I wish to take this opportunity to express my sincere appreciation to Fortress's management team headed by our executive director cum chief executive officer Dato' Sri Ivan Chee for having immediately and effectively put in place all the necessary steps and precautions to safeguard the wellbeing of each and every member of our workforce against the pandemic.

I am extremely pleased to report that up to the date of this report, all of our Group's workforce have remained well with no reported incidence of infection. Our Group has and will continue to remain vigilant in safeguarding the wellbeing of each and every member of our workforce given the very difficult and challenging environment that our workforce is exposed to. It is important to note that throughout the MCO period, our entire workforce remains fully salaried with none being furloughed without pay. Again, I take pride in the leadership, great effort and sacrifices of our workforce and stakeholders during this unprecedented and extremely challenging period.

On behalf of my fellow Directors of the Company, I wish to stress again that our workforce is our most important asset that pushes boundaries to drive our long-term growth and business success. We seek to develop a healthy and multiskilled workforce by providing a safe and conducive work environment while encouraging exposure to a range of functions for our workforce to remain dynamic and resilient in this competitive and globalised business environment.

Corporate Social Responsibility

The current pandemic has undoubtedly caused severe economic impact world-wide, especially on the local population in the vicinity where our Bukit Besi Mine is located. Our Group will intensify our efforts to provide the local community with employment opportunities, training and skills development. Our Group will also re-visit our procurement policies, with an objective to broaden our procurement amongst the business community especially in the state of Terengganu.

CHAIRMAN'S MESSAGE

Our Group continues to value social responsibilities and will continue to participate in community development projects that align with the needs and objectives of local communities identified through engagement and consultation with selected local communities as well as making contributions towards charitable causes.

We strive to be a good corporate citizen and remain committed on good corporate governance, ethical business practices and promoting the long-term interests of all stakeholders.

Investor Relations

Our Group has announced on 12 February 2020 via the SGXNet that we will continue the quarterly reporting of our financial statements, notwithstanding amendments to the Catalist Rules on 7 February 2020 which allow the Company to release its financial statements on a half-yearly basis instead. On this front, our Group remains committed in providing sufficient and timely information to all stakeholders.

Our management will also continue to engage with the investing community by participating in various investor relations activities. During the year, our management has successfully held regular quarterly results briefings and dialogue sessions for fund managers and analyst especially with those covering the resource industry.

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.

Dividends

Our Group's overall performance for the financial year ended 29 February 2020 ("FY2020") reflects the successful outcome of strategically targeting growth in our mining activities since our listing on the SGX-ST on 27 March 2019. Since listing, our Group has declared and paid a total interim dividend of 0.36 Singapore cents per share amounting to S\$1.8 million ("Interim Dividends").

Following the close of our financial year, the Board had further recommended a one-tier tax exempt final dividend of 0.16 Singapore cents per share for FY2020 ("Final Dividend"), amounting to S\$0.8 million. This Final Dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

The Interim Dividends and Final Dividend when paid will total 0.52 Singapore cents per share amounting to S\$2.6 million being the equivalent to a dividend pay-out ratio of 29.3% of FY2020's net profit after tax. This pay-out ratio exceeds the 15% pay-out ratio as previously targeted by the Company.

Going forward, it is only prudent to expect the present unprecedented economic challenges to continue impacting businesses world-wide.

Appreciation

On behalf of the Board, I would like to extend our appreciation to our valued customers, business associates and financiers for their continued support. We will navigate the challenges ahead by constantly reviewing our business strategies and financial position with the objective of taking a balanced and sustainable approach towards optimising the Group's sustainability, growth and shareholders' return.

Last but not least, I wish to express my sincere appreciation to my fellow directors and colleagues for their valuable leadership and the great effort and sacrifices of our workforce during this unprecedented and extremely challenging period. Together we will safeguard the wellbeing of our workforce.

Chew Wai Chuen

Chairman and Independent Director



CEO'S MESSAGE



Dear Shareholders,

It gives me great pleasure to present Fortress Minerals Limited's annual report for FY2020.

Fortress recently experienced an unprecedented disruption to our business caused by the implementation of the MCO in Malaysia in response to the COVID-19 pandemic world-wide. Consequently, our Bukit Besi Mine in Malaysia was served with government orders to cease all mining and processing activities effective from 18 March 2020. In hindsight we are now grateful that our Group had taken early initiatives to put in place all the necessary steps and precautions to safeguard the wellbeing of each and every member of our workforce against the pandemic. I am especially pleased to report that our precautionary steps have been effective. Our Group's workforce has remained well with no reported incidence of infection. We will continue to remain vigilant in safeguarding the wellbeing of each and every member of our workforce. Following the approval from MITI, our mining and processing activities have since resumed on 29 April 2020.

Operation Review

All our planned mining and processing activities including the expansion of processing capacities at our Bukit Besi Mine have progressed extremely well throughout FY2020. The additional primary crushing and ball milling machinery have been successfully commissioned contributing significantly in increasing the processing capacity towards the end of FY2020.

Our team of in-house geologists have also been making excellent progress in their continuous exploration at our East, Valley and West Deposits of our Bukit Besi Mine. Following the successful completion of their exploration program for FY2020, an updated Statement of Mineral Resource for our Bukit Besi Mine have been issued. Details of the Statement of Mineral Resource for our Bukit Besi Mine is presented below under the section "Bukit Besi Mineral Resource".

CEO'S MESSAGE

Financial Review

Revenue and Profitability

During FY2020, our Group produced and sold 300,053 wet metric tonnes ("WMT") of high grade iron ore concentrate representing a significant increase of 22.5% as compared to 245,038 WMT sold in FY2019. The increase in sales volume is consistent with the expanded processing capacity during FY2020 coupled by a consistently strong demand from domestic steel mills. On average our Group realised a revenue of US\$95.93 per dry metric tonne ("DMT"), an increase of 7.0% from US\$89.65 per DMT in FY2019. The additional processing capacity and the continuous implementation of productivity improvement and cost management strategies have decreased the average unit costs by a commendable 7.0% or US\$2.18/WMT.

Our Group realised a gross profit of US\$17.3 million in FY2020 as compared to US\$13.0 million in FY2019, reflecting an increase of US\$4.3 million. Gross profit margin improved by 3.5% from 63.2% in FY2019 to 66.7% in FY2020.

Consequently, in FY2020 our Group's profit after tax increased by 32.8% or US\$1.6 million from US\$4.9 million in FY2019 to US\$6.5 million. The favourable increase was contributed by the increase in gross profit margin and reduced selling & distribution costs. However, this is partly offset by an increase in administrative and operating expenses and income tax expense, which is in line with our Group's higher level of business activities.

As a result, the Group's basic and fully diluted earnings per share increased to 1.31 US cents in FY2020 as compared to 1.17 US cents in FY2019 representing an increase of 12.0%.

Financial Position

The Group's net assets rose to US\$29.6 million as at 29 February 2020 from US\$6.4 million as at 28 February 2019 mainly due to increase in retained earnings of US\$5.1 million and share capital of US\$22.2 million respectively as a result of the restructuring exercise and successful listing of the Company on the Catalist board of the SGX-ST on 27 March 2019. The increase was partly offset by the merger reserve.

As at 29 February 2020, the Group had cash and cash equivalents of US\$10.2 million, an increase of US\$8.1 million from the end of the previous financial year. The increase was a direct consequence of the Group's profitability during the year and the IPO net proceeds received during 1Q FY2020.

Cash Flow

In FY2020, our Group generated a net cash flow of US\$9.2 million from our operating activities as compared to US\$6.3 million in FY2019. The increase in cash inflow was attributable to our Group's overall profitability.

During FY2020, our Group continued to invest an aggregate sum of US\$6.3 million on exploration and evaluation assets and plant and equipment at our Bukit Besi mine as compared to US\$5.9 million during FY2019. This is consistent with the Group's on-going exploration and development program at our Bukit Besi mine.

Net cash generated from financing activities amounted to US\$5.5 million and US\$2.2 million in FY2020 and FY2019 respectively, attributable to receipt of US\$10.5 million net proceeds from IPO proceeds, partly offset by the distribution of US\$1.3 million in dividends to shareholders and the repayment of US\$3.3 million and US\$0.3 million towards shareholders' loan and lease liabilities respectively.



CEO'S MESSAGE



Bukit Besi Mine Mineral Resource

Throughout FY2020, our Group continued to carry out exploration and evaluation activities at our East, Valley and West Deposits at our Bukit Besi mine. New discoveries from our continuous drillings have not only replenished but increased both our indicated and inferred mineral resource since our last Mineral Resource Statement reported in our FY2019 annual report.

Our independent consultants, SRK Consulting (Australasia) Pty Ltd (SRK) have prepared an updated Mineral Resource estimates to include new drilling information and mining depletion as at 29 February 2020. The Mineral Resource estimates are prepared and reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves, the JORC Code (2012).

Appendix 7D : Summary of Reserves and Resources

Date of report : 2 June 2020

Date of previous report: 26 April 2019

Bukit Besi Mineral Resource tabulation as at 29 February 2020⁽¹⁾

Area	Category	Mineral type	Gross attributable ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)	Change from previous update (%) ⁽²⁾	
West	Indicated	Iron	0.36	40.74	0.36	40.74	4.0	None
West	Inferred	Iron	2.25	38.99	2.25	38.99	-7.9	None
Valley	Inferred	Iron	3.61	46.67	3.61	46.67	62.5	None
East	Inferred	Iron	0.96	41.29	0.96	41.29	-18.0	None
Total Indicated + Inferred		Iron	7.18	43.25	7.18	43.25	18.6	None

Notes:

(1) Based on a block cut-off grade of 10% Fe and Magnetic susceptibility greater than 100 and sulphur less than 10%.

(2) Change from previous update as of 28 February 2019. Positive number denotes increase and negative number denotes decrease.

The Company does not have Mineral Reserve as at 29 February 2020.

Name of Qualified Person: Leesa Colin

Date: 2 June 2020

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

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

CEO'S MESSAGE



Outlook

Going forward, the management has taken the stance to remain prudent expecting the present unprecedented economic challenges to continue impacting businesses world-wide. Our management takes cognizance of the unfortunate loss of production days during the MCO by implementing various remedial action plans with the hope of making up as we progress into the current financial year. At the same time, we will remain vigilant in safeguarding the wellbeing of our workforce.

Our Group will also constantly review our business environment and financial position as we expect iron ore price may continue to stay volatile. Meanwhile, keen competition, rising operating costs and uncertain interest rate movements will continue to pose challenges to our business.

Nevertheless, we will proactively manage our business and take the necessary actions to ensure that our long-term business prospects going forward remain strong and healthy. We will continue our efforts in seeking opportunities through acquisitions, joint ventures and/or provide mining contracting services both in Malaysia and in the region.

Acknowledgements

All our plans and efforts would not have been successful without the strong support of our business associates, customers, our stakeholders and especially, our workforce. I am very appreciative of the great effort and sacrifices of our workforce during this unprecedented and extremely challenging period.

Last but not least, I would like to thank our Board of Directors for their strategic counsel, guidance, support and assistance to Fortress's management, especially during the recent past few difficult and challenging months of the MCO in Malaysia. Together, we look forward to scaling new heights in the new financial year and beyond.

Again, I would like to take the opportunity to thank our entire workforce for making FY2020 a safe and productive year for the Group.

Thank you.

Dato' Sri Ivan Chee

Executive Director and CEO
Fortress Minerals Limited

KEY FINANCIAL HIGHLIGHTS



REVENUE

US\$25.9M
{FY2019: US\$20.6M}

EBITDA⁽¹⁾

US\$12.2M
{FY2019: US\$8.2M}



NET CASH FLOW FROM OPERATIONS

US\$9.2M
{FY2019: US\$6.3M}

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

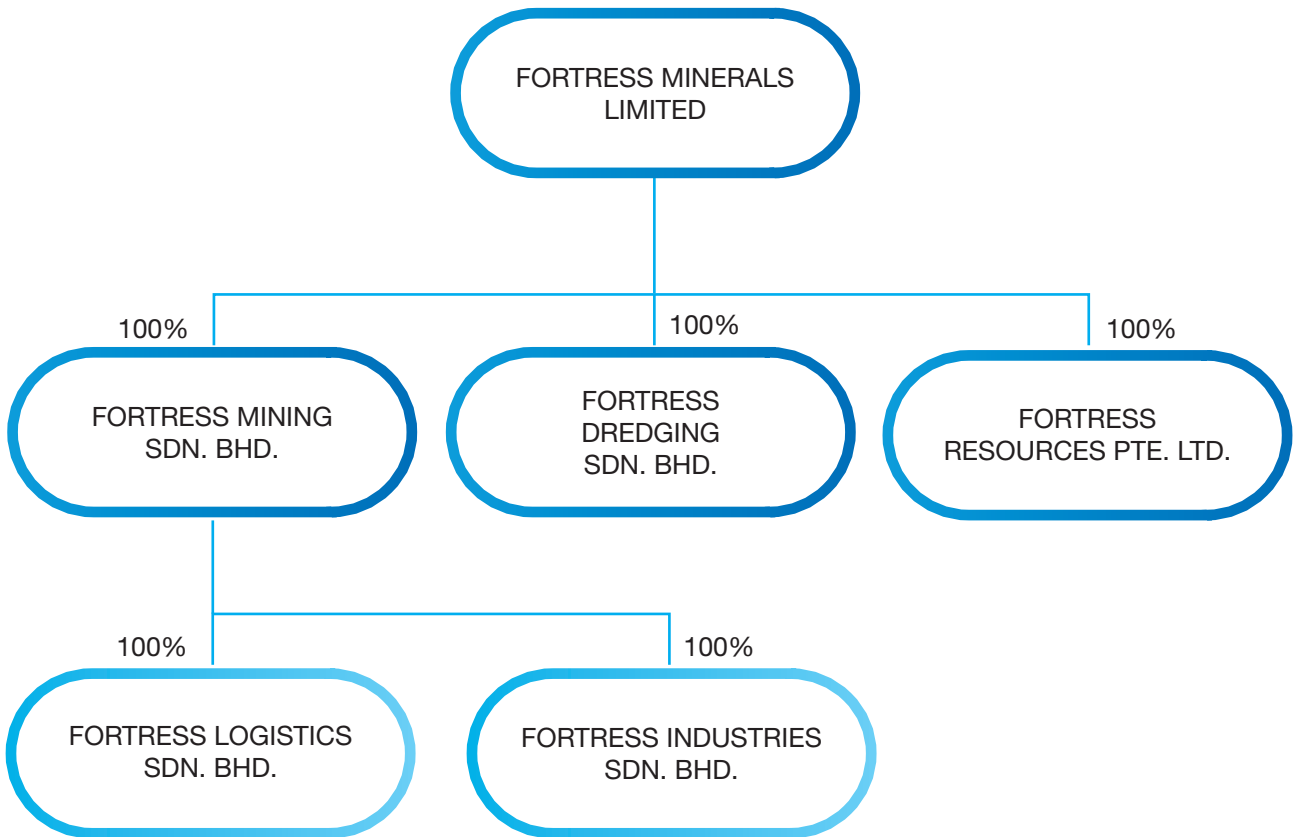
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

Note:

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

GROUP STRUCTURE



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 dealing in minerals
Fortress Resources Pte. Ltd.	8 November 2017/ Singapore	S\$1.00 comprising one (1) ordinary share	100	Wholesale trade of a variety of goods without a dominant product
Fortress Logistics Sdn. Bhd.	3 September 2018/ Malaysia	MYR2,000,000 comprising 2,000,000 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	MYR100,000.00 comprising 100,000 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	MYR2.00 comprising 2 ordinary shares	100	Business of extraction, dredging and dealing of industrial sand; acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals

Note:

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

Saved as disclosed above, our Group does not have any other subsidiaries or associated companies.

Our subsidiaries are not listed on any stock exchange.

BOARD OF DIRECTORS



From left to right: Ms Willa Chee Keng Fong (Non-executive and Non-independent Director, Fortress Minerals), Mr. Loong Ching Hong (Non-executive and Non-independent Director, Fortress Minerals), Mr. Chew Wai Chuen (Chairman and Independent Director, Fortress Minerals), Dato' Sri Ivan Chee (Executive Director and Chief Executive Officer, Fortress Minerals), Ms Teh Lip Kim (Non-executive and Non-independent Director, Fortress Minerals), Mr. Mohamed Nasser Ismail (Head of Equity Capital Markets, SGX), Mr. Gerald Ong (Deputy Chairman and Executive Director, PPCF), Mr. Ng Mun Fey (Executive Director and Chief Operating Officer, Fortress Minerals), Ms Anita Chew Cheng Im (Independent Director, Fortress Minerals), Mr. Goh Kah Im (Independent Director, Fortress Minerals), Ms Fionne Chua (Financial Controller, Fortress Minerals)

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.

BOARD OF DIRECTORS

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

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

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

NG MUN FEY*Executive Director and COO*

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

Mr. Ng has been with our Group since 2015, and is currently responsible for the overall management and day-to-day operations of our Bukit Besi Mine including but not limited to heading our Group's marketing, geology, mining, processing and other supporting divisions. He has approximately 4 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 an UX engineer with AirAsia Bhd. Prior to AirAsia Bhd, she served as a digital ads performance and analytics junior associate with Dex Ventures Sdn Bhd. She graduated from Cardiff University with a Bachelor of Science in Finance and Management in July 2015.

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

BOARD OF DIRECTORS

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. Ms. Teh is currently a member of the Young Presidents' Organisation, Malaysian Chapter.

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 Yi-Lai 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.

BOARD OF DIRECTORS

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 has 20 years of experience as senior managers and is presently a freelance management consultant. Prior to this, he had held various senior managerial positions in Oxford University Press Group, a department of the University of Oxford, United Kingdom 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 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 issues for 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.



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 29 February 2020 (“**FY2020**”) with specific reference made to the Principles of Code of Corporate Governance 2018 (“**Code 2018**”) and strives to comply with the provisions set out in Code 2018 and where it has deviated from the provisions, 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**”), the SGX-ST Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) and the disclosure guide developed by SGX-ST in January 2015 (the “**Guide**”) are duly complied with.

Provision	Code Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and provisions of the new Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and provisions as set out in Code 2018 and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from Code 2018 and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the provisions of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2020.

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 organizational 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>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
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CORPORATE GOVERNANCE REPORT

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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>The Company was listed on the Catalist of the SGX-ST on 27 March 2019 ("listing date") and all the Directors of the Company have no prior experience as directors in public listed companies in Singapore when they were appointed to the board, before the listing date. Each of the Directors has within a year from the Company's listing date completed the following training courses conducted by the Singapore Institute of Directors ("SID"), as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules.</p> <table border="1"> <thead> <tr> <th colspan="9">Table 1.2 – Listed Entity Director Programme (LED)</th> </tr> <tr> <th>Name of Director</th> <th>LED 1</th> <th>LED 2</th> <th>LED 3</th> <th>LED 4</th> <th>LED 5</th> <th>LED 6</th> <th>LED 7</th> <th>LED 8</th> </tr> </thead> <tbody> <tr> <td>Chew Wai Chuen</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> <td>✓</td> <td>–</td> </tr> <tr> <td>Ng Mun Fey</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Goh Kah Im</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> </tr> <tr> <td>Anita Chew</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Teh Lip Kim</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Loong Ching Hong</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> <td>–</td> <td>✓</td> </tr> <tr> <td>Willa Chee</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> </tbody> </table> <p>Notes: LED 1 – Listed Entity Director Essentials LED 2 – Board Dynamics LED 3 – Board Performance LED 4 – Stakeholder Engagement LED 5 – Audit Committee Essentials LED 6 – Board Risk Committee Essentials LED 7 – Nominating Committee Essentials LED 8 – Remuneration Committee Essentials</p>	Table 1.2 – Listed Entity Director Programme (LED)									Name of Director	LED 1	LED 2	LED 3	LED 4	LED 5	LED 6	LED 7	LED 8	Chew Wai Chuen	✓	✓	✓	✓	✓	✓	✓	✓	Dato' Sri Ivan Chee	✓	✓	✓	✓	–	–	✓	–	Ng Mun Fey	✓	✓	✓	✓	–	–	–	–	Goh Kah Im	✓	✓	✓	✓	✓	✓	–	–	Anita Chew	✓	✓	✓	✓	✓	✓	✓	✓	Teh Lip Kim	✓	✓	✓	✓	–	–	–	–	Loong Ching Hong	✓	✓	✓	✓	–	–	–	✓	Willa Chee	✓	✓	✓	✓	–	–	–	–
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CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>There was no new Director appointed during FY2020.</p> <p>The Directors are updated regularly when there are changes to the Catalist Rules, Code of Corporate Governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“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 familiarizes the Directors on the business activities of the Company during Board and Board Committees’ meetings.</p>
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.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																				
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> <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><i>Notes:</i></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
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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 2020, 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="6">Table 1.5 – Directors' Attendance</th> </tr> <tr> <th rowspan="2"></th> <th colspan="4">Board Committees</th> <th rowspan="2">Annual General Meeting</th> </tr> <tr> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held</td> <td>6</td> <td>6</td> <td>1</td> <td>2</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <th colspan="6">Directors in service as at 29 February 2020</th> </tr> <tr> <td>Chew Wai Chuen</td> <td>6</td> <td>6</td> <td>1</td> <td>2</td> <td>✓</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>6</td> <td>4*</td> <td>1</td> <td>2*</td> <td>✓</td> </tr> <tr> <td>Ng Mun Fey</td> <td>6</td> <td>6*</td> <td>–</td> <td>–</td> <td>✓</td> </tr> <tr> <td>Goh Kah Im</td> <td>6</td> <td>6</td> <td>–</td> <td>–</td> <td>✓</td> </tr> <tr> <td>Anita Chew</td> <td>6</td> <td>6</td> <td>1</td> <td>2</td> <td>✓</td> </tr> <tr> <td>Teh Lip Kim</td> <td>6</td> <td>1*</td> <td>–</td> <td>–</td> <td>✓</td> </tr> <tr> <td>Loong Ching Hong</td> <td>6</td> <td>1*</td> <td>–</td> <td>2</td> <td>✓</td> </tr> <tr> <td>Willa Chee</td> <td>6</td> <td>1*</td> <td>–</td> <td>–</td> <td>✓</td> </tr> </tbody> </table> <p>* By invitation</p>	Table 1.5 – Directors' Attendance							Board Committees				Annual General Meeting	Board	AC	NC	RC	Number of meetings held	6	6	1	2								Directors in service as at 29 February 2020						Chew Wai Chuen	6	6	1	2	✓	Dato' Sri Ivan Chee	6	4*	1	2*	✓	Ng Mun Fey	6	6*	–	–	✓	Goh Kah Im	6	6	–	–	✓	Anita Chew	6	6	1	2	✓	Teh Lip Kim	6	1*	–	–	✓	Loong Ching Hong	6	1*	–	2	✓	Willa Chee	6	1*	–	–	✓
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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 organized board papers (with background or explanatory information relating to the matters brought before the Board, where necessary), updates to Group operations and the markets in which the Group operates in, budgets and/or forecasts, management accounts, EA reports and reports on on-going or planned corporate actions. Where the situation requires, Directors are entitled to request for additional information from Management and such information are provided to the Directors in a timely manner.																																																																																		

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.7	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 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</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>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The Board assesses the independence of each Director in accordance with the guidance provided in Code 2018 as well as Rule 406(3)(d) of the Catalist Rules. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company.</p> <p>On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form was drawn up based on the definitions and guidelines set forth in the Code 2018. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination.</p> <p>The NC will also examine the different relationships identified by Code 2018 that might impair each Independent Director's independence and objectivity and concluded that all the Independent Directors are able to exercise independent business judgement in the best interests of the Company and its shareholders.</p> <p>The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>As at the date of this Report, the NC has reviewed the independence status of the Independent Directors and is satisfied that Mr Chew Wai Chuen, Mr Goh Kah Im and Ms Anita Chew are independent in accordance with the Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules.</p> <p>There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 that would otherwise deem him not to be independent. There is currently no Independent Director who has served on the Board for more than nine years.</p>
2.2	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 27 to 54 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 page 12 to 15 of this annual report.</p>

CORPORATE GOVERNANCE REPORT

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 FY2020, 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 and maintains high standards of corporate governance.

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The CEO and is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.</p> <p>The Board is of the view that there is a clear division of responsibilities between the Independent Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.</p>
<p>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</p>		
4.1	<p>Nominating Committee role</p>	<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	<p>Nominating Committee composition</p>	<p>The Board has established the NC that comprises two (2) Independent Directors and one (1) Executive Director who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees. The Chairman of the NC is Ms Anita Chew, who is an Independent Director.</p> <p>The composition of the NC is as follows: Ms Anita Chew – Chairman Mr Chew Wai Chuen – Member Dato' Sri Ivan Chee – Member</p>

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. Ng Mun Fey, Ms. Willa Chee Keng Fong and Mr. Chew Wai Chuen ("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 49 to 54 of this Annual Report.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>Mr. Chew Wai Chuen will, upon re-election as a Director, remain as the Independent Chairman of the Company, Chairman of the RC and a member of the AC and NC. The Board, with the concurrence of the NC, has also considered Mr. Chew Wai Chuen to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Mr. Ng Mun Fey will, upon re-election as a Director, remain as an Executive Director and COO of the Company.</p> <p>Ms Willa Chee Keng Fong will, upon re-election as a Director, remain as Non-Executive and Non-Independent Director of the Company.</p> <p>Mr Chew Wai Chuen 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 his own contributions and/or re-election as a Director.</p>
4.5	Multiple Directorships	<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 FY2020, 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 FY2020, 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>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		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 page 12 to 15 of this annual report.
	Alternate Directors	The Company does not have any alternate Directors.
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>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 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 FY2020 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 FY2020.</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>

CORPORATE GOVERNANCE REPORT

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 FY2020 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 Chin Hong – Member</p>

CORPORATE GOVERNANCE REPORT

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 FY2020.</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 FY2020 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>

CORPORATE GOVERNANCE REPORT

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>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
Disclosure on Remuneration <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>		
8.1	Company's remuneration policy and criteria for setting remuneration	<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 be the achievement of organizational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry.</p> <p>The remuneration package of Key Management Personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the Key Management Personnel's employee pension funds account, and a variable cash component. The variable cash component is dependent on a Key Management Personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of Key Management Personnel with that of the shareholders in terms of value creation. Key performance indicators for Key Management Personnel are aligned to the interests and value creation to all stakeholders.</p> <p>Though the ESOS is in place, the Company had not granted share options to any employees and Directors under the ESOS since its adoption.</p> <p>The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.</p>
		<p>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 do not receive Directors' fees. Aggregate Directors' fees for the Independent Directors and Non-Executive and Non Independent Directors of S\$237,000 for FY2021 have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																								
8.1(a) and 8.3	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 FY2020 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 above S\$250,0000</td> </tr> <tr> <td>Dato' Sri Ivan Chee</td> <td>52</td> <td>47</td> <td>1</td> <td>–</td> <td>100</td> </tr> <tr> <td colspan="6">Remuneration Band below S\$250,0000</td> </tr> <tr> <td>Chew Wai Chuen</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Ng Mun Fey</td> <td>57</td> <td>42</td> <td>–</td> <td>1</td> <td>100</td> </tr> <tr> <td>Goh Kah Im</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Anita Chew</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Teh Lip Kim</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Loong Ching Hong</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Willa Chee</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p>The NC recommends Directors' fees for the Board's endorsement and approval by shareholders at the Company's AGM and the fees are determined having regard to the scope and extent of the responsibilities and obligation to the Company. Directors' fees will be paid after approval is obtained from shareholders at the forthcoming 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> <p>There was no termination, post-employment and retirement benefits granted to the Directors in FY2020.</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 above S\$250,0000						Dato' Sri Ivan Chee	52	47	1	–	100	Remuneration Band below S\$250,0000						Chew Wai Chuen	–	–	100	–	100	Ng Mun Fey	57	42	–	1	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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Provision	Code Description	Company's Compliance or Explanation																				
8.1(b) and 8.3	Remuneration of top 5 key management personnel (who are not directors or CEO)	<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 FY2020 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\$250,0000</td> </tr> <tr> <td>Fionne Chua</td> <td>62</td> <td>38</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 FY2020 will not be disclosed.</p> <p>There were no termination and retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2020.</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\$250,0000					Fionne Chua	62	38	–	100
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Name	Base/Fixed Salary and Statutory Contributions (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits in-Kind (%)	Total (%)																		
Remuneration Band below S\$250,0000																						
Fionne Chua	62	38	–	100																		
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.</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 between S\$100,000 to S\$150,0000</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 colspan="2">Remuneration Band below S\$100,0000</td> </tr> <tr> <td>Tan Seng Kim</td> <td>Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO</td> </tr> </tbody> </table> <p>Save as disclosed, there is no employee of the Group who is a substantial shareholder, an immediate family member of a Director, CEO or substantial shareholder who are paid more than S\$100,000 during FY2020.</p>	Table 8.2 – Remuneration of Related Employees		Name	Relationship	Remuneration Band between S\$100,000 to S\$150,0000		Yeow Boon Ban	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO	Remuneration Band below S\$100,0000		Tan Seng Kim	Brother-in-law of Dato' Sri Ivan Chee, the Executive Director and CEO								
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CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
8.3	Other payments and benefits and details of the employee share scheme(s).	<p>Save as disclosed and the remuneration paid to Mr Tan Seng Kim and Mr Yeow Boon Ban 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 FY2020.</p> <p>Information on the Fortress Employee Share Option Scheme ("ESOS") are set out on page 33 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 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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Provision	Code Description	Company's Compliance or Explanation
9.2(a) 9.2(b)	CEO and FC assurance	<p>For FY2020, the Board has also received assurance from the CEO and the Financial Controller (FC):</p> <p>(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and</p> <p>(b) on the adequacy and the effectiveness of the Group's risk management systems and internal control systems, including financial, operational, compliance and information technology controls.</p>
	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 FY2020 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 FY2020.</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> <p>(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;</p> <p>(b) to review the adequacy and effectiveness of the Company's internal controls and risk management systems;</p> <p>(c) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;</p>

CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>(d) to make recommendations to the Board of Directors regarding the appointment, removal, remuneration and terms of engagement of the external auditors;</p> <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 FY2020 is S\$78,999 (88.0%). The non-audit fees paid/payable to the external auditors for the FY2020 is S\$10,732 (12.0%).</p> <p>The AC has reviewed the non-audit services provided by the external auditors for FY2020 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 other, 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 FY2020, 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 FY2020, 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 FY2020, 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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Provision	Code Description	Company's Compliance or Explanation
	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 FY2020, there were no complaints, concerns of 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	<p>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.</p>

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Provision	Code Description	Company's Compliance or Explanation
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 26 June 2019 is 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 a 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 FY2020, 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 24 June 2020 on SGXNET and the Company's website at URL https://www.fortress.sg/ within one month after the AGM. For FY2020, 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 15% of the Group's net profit after tax ("NPAT") for FY2020 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>The Directors had during FY2020 declared and paid a total of S\$1.8 million as one-tier tax exempt dividends which comprised of first and second interim dividend, totalling 0.36 Singapore cents per share ("First and Second Interim Dividend") to the shareholders.</p> <p>The Board is pleased to recommend a final one-tier tax exempt dividend of 0.16 Singapore cents per share for FY2020 ("Final Dividend"). The final dividend amounting to S\$0.8 million is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 24 June 2020.</p> <p>The collective dividends of 0.52 Singapore cents per share represents a payout ratio of 29.3% against FY2020 net profit.</p> <p>Apart from the above, additionally, the Directors also intend to recommend and distribute not less than 20% of our Group's NPAT for FY2021, (the "Proposed Dividends").</p>

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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 the FY2020, 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 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>

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Provision	Code Description	Company's Compliance or Explanation
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 6 investor briefings in FY2020 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>
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. In addition, the Group will be issuing its first sustainability report for financial year ending 28 February 2021 by 28 February 2022 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.</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>

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Provision	Code Description	Company's Compliance or Explanation
		<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>

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 FY2020 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 FY2020 based on the assurance from the CEO and our FC set out in page 38 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 FY2020.</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>

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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 Catalyst 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 or 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 Company's securities on short term considerations. The policy is to ensure that the Company's Directors, officers, 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>																				
	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" data-bbox="619 1249 1433 1675"> <thead> <tr> <th data-bbox="619 1249 975 1357">Use of proceeds</th> <th data-bbox="975 1249 1129 1357">Amount allocated S\$'000</th> <th data-bbox="1129 1249 1281 1357">Amount utilised S\$'000</th> <th data-bbox="1281 1249 1433 1357">Balance S\$'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="619 1357 975 1525">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 data-bbox="975 1357 1129 1525">7,000</td> <td data-bbox="1129 1357 1281 1525">(124)⁽¹⁾</td> <td data-bbox="1281 1357 1433 1525">6,876</td> </tr> <tr> <td data-bbox="619 1525 975 1599">Acquisition, joint venture and/or development of new mines</td> <td data-bbox="975 1525 1129 1599">2,000</td> <td data-bbox="1129 1525 1281 1599">–</td> <td data-bbox="1281 1525 1433 1599">2,000</td> </tr> <tr> <td data-bbox="619 1599 975 1637">General working capital purposes</td> <td data-bbox="975 1599 1129 1637">3,500</td> <td data-bbox="1129 1599 1281 1637">(3,500)⁽²⁾</td> <td data-bbox="1281 1599 1433 1637">–</td> </tr> <tr> <td data-bbox="619 1637 975 1675">Total</td> <td data-bbox="975 1637 1129 1675">12,500</td> <td data-bbox="1129 1637 1281 1675">(3,624)</td> <td data-bbox="1281 1637 1433 1675">8,876</td> </tr> </tbody> </table> <p>⁽¹⁾ Utilised for payment of exploration and geology work. ⁽²⁾ Utilised for payment of operating expenses, employee benefit expenses and taxes.</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	(124) ⁽¹⁾	6,876	Acquisition, joint venture and/or development of new mines	2,000	–	2,000	General working capital purposes	3,500	(3,500) ⁽²⁾	–	Total	12,500	(3,624)	8,876
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Total	12,500	(3,624)	8,876																			

CORPORATE GOVERNANCE REPORT

		<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> <p>At the appropriate juncture, our Group will deploy the remaining IPO proceeds as the Group intends to acquire, enter into joint venture and/or develop new mines as and when the opportunity arises. Pending such deployment, funds have been placed in interest bearing deposits with licenced banks in Singapore.</p> <p>The Company will make periodic announcements on the utilisation of the proceeds from the IPO as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial statements.</p>
711A	Sustainability Report	The Group will be issuing its first sustainability report for the financial year ending 28 February 2021 by 28 February 2022 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.
1204(21)	Non-sponsor fees	There were no non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2020.

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	Mr Chew Wai Chuen	Mr Ng Mun Fey	Ms Willa Chee Keng Fong
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	44	40	27
Country of principal residence	Singapore	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chew Wai Chuen as the Independent Director and Chairman of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chew Wai Chuen's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Ng Mun Fey as Executive Director and Chief Operating Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Ng Mun Fey's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Willa Chee Keng Fong as the Non-Executive and Non-Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Willa Chee Keng Fong's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	Executive. Mr Ng Mun Fey is responsible for the overall management, and day-to-day operations of Bukit Besi Mine, including but not limited to heading our Group's marketing, geology, mining, processing and other supporting divisions.	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board, Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.	Executive Director, and Chief Operating Officer	Non-Executive and Non-Independent Director
Professional qualifications	<ul style="list-style-type: none"> • Postgraduate Diploma in Marketing • Bachelor Degree in Business Administration 	<ul style="list-style-type: none"> • Bachelor in Engineering Technology 	<ul style="list-style-type: none"> • Bachelor of Science in Finance and Management
Working experience and occupations during the past 10 years	<p>2011 to Present – Managing Partner of Precious Capital Pte Ltd</p> <p>March 2006 to July 2011 – Private Banking Relationship Manager at Credit Suisse Singapore</p>	<p>2015 to Present – Fortress Minerals Limited</p> <p>August 2005 to November 2012 – Director of AD.House Marketing, Broad-line Sdn. Bhd.</p>	<p>2019 to Present – UX Engineer of AirAsia Bhd</p> <p>October 2015 to August 2016 – Digital Ads Performance and Analytics Junior Associate of Dex Ventures Sdn. Bhd.</p>

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Mr Ng Mun Fey	Ms Willa Chee Keng Fong
Shareholding interest in the listed issuer and its subsidiaries	Nil	Mr Ng Mun Fey is deemed interested in 35,593,750 ordinary shares held by Greger International Sdn. Bhd.	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	Nil	Nil	Ms Willa Chee Keng Fong is the daughter of Dato' Sri Ivan Chee Yew Fei.
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
Past (for the last 5 years)	1. HCY International Private Limited 2. Parkway Minerals NL	1. Webcon Mining (Solomon) Limited	Nil
Present	1. Tungsten Mining NL 2. Precious Capital Pte. Ltd.	1. Contour Vista Development Sdn. Bhd. 2. Greger International Sdn. Bhd. 3. Greger International Pte. Ltd. 4. Cheroh Mining PNG Limited	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

KEY INFORMATION

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

KEY INFORMATION

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

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Mr Ng Mun Fey	Ms Willa Chee Keng Fong
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <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>	No	No	No

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Mr Ng Mun Fey	Ms Willa Chee Keng Fong
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Yes</p> <p>Mr Chew Wai Chuen is currently the Chairman and Independent Director of the Company.</p>	<p>Yes</p> <p>Mr Ng Mun Fey is currently the Executive Director and Chief Operating Officer of the Company.</p>	<p>Yes</p> <p>Ms Willa Chee Keng Fong is currently the Non-Executive Director of the Company.</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 29 February 2020 and the statement of financial position of the Company as at 29 February 2020.

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 consolidated financial position of the Group and of the Company as at 29 February 2020, 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. Admission of the Company to the Catalist Board of Singapore Exchange Securities Trading Limited

On 20 February 2019, the Company changed its name to Fortress Minerals Limited in connection with its conversion into a public company limited by shares. On 27 March 2019, the Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. 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

5. 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 2019	Balance at 29 February 2020	Balance at 1 March 2019	Balance at 29 February 2020
Ordinary shares				
Company:				
Chee Yew Fei	530	530	120	251,249,470
Ng Mun Fey	–	–	–	35,593,750
Teh Lip Kim	–	–	350	165,965,625
Loong Ching Hong	–	1,291,000	–	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' interests as at 21 March 2020 in the shares of the Company are as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 29 February 2020	Balance at 21 March 2020	Balance at 29 February 2020	Balance at 21 March 2020
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	1,291,000	5,234,375	5,234,375

6. 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.

DIRECTORS' STATEMENT

6. Share options (Continued)

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 the 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.

7. 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 five (5) 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 annual financial statements and results announcements 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;
- (iii) 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);
- (iv) 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;
- (v) reviewing the scope and results of the internal audit procedures where applicable;
- (vi) reviewing any potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (vii) conducting periodic review and approval of foreign exchange transactions and hedging policies (if any) undertaken by the Group;
- (viii) 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;
- (ix) reviewing transactions falling within the scope of Chapter 10 of Catalist Rules;

DIRECTORS' STATEMENT

7. Audit committee (Continued)

- (x) reviewing the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures;
- (xi) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) reviewing and approving any proposed repayment of the shareholders' loans (or any part thereof); and
- (xv) 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.

8. 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
29 May 2020

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 63 to 118 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 29 February 2020;
- 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 29 February 2020 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 Impairment assessment of plant and equipment and mining properties</p> <p>As at 29 February 2020, the carrying amount of the Group's plant and equipment and mining properties were US\$13.5 million and US\$6.3 million, respectively, which comprised 34.3% and 16.1% of the Group's total assets. These assets are in relation to the Group's mining activities at the producing open pit mine in the East, West and Valley deposits in Bukit Besi.</p> <p>Due to the recent COVID-19 pandemic, the Group's mining operations have been temporarily disrupted by the Movement Control Order in Malaysia where the operations are based. However, approvals have since been obtained for resumption of the mining operations.</p> <p>Management has determined that there are no indications of impairment on the Group's plant and equipment and mining properties, taking into consideration the remaining estimated mining reserves, production costs, iron ore prices and continuation of the production activities.</p> <p>We focused on the impairment assessment of the plant and equipment and mining properties as a key audit matter because the assets contributes significantly to the Group's financial statements.</p> <hr/> <p>Refer to Notes 2.5, 2.7, 2.9, 4, 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 the plant and equipment and mining properties may be impaired; • Perused the reports issued by management's external specialist to understand the basis for the estimated mining reserves, 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 the plant and equipment and mining properties on a sample basis; and • Considered the adequacy of disclosure in the financial statements.

Other Information
<p>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.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>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.</p>

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 those 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
29 May 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

	Note	Group		Company	
		2020 US\$	2019 US\$	2020 US\$	2019 US\$
ASSETS					
Non-current assets					
Investments in subsidiaries	5	–	–	11,405,647	1
Exploration and evaluation assets	6	2,321,853	403,005	–	–
Mining properties	7	6,343,918	6,973,060	–	–
Plant and equipment	8	13,498,301	11,365,523	–	–
Right-of-use assets	9	529,741	–	–	–
		<u>22,693,813</u>	<u>18,741,588</u>	<u>11,405,647</u>	<u>1</u>
Current assets					
Inventories	10	864,727	438,908	–	–
Trade receivables	11	3,393,708	2,097,620	–	–
Other receivables, deposits and prepayments	12	2,141,848	1,672,938	–	–
Amount due from subsidiaries	13	–	–	4,346,240	–
Cash and bank balances	14	10,242,507	2,129,428	7,807,721	6,388
		<u>16,642,790</u>	<u>6,338,894</u>	<u>12,153,961</u>	<u>6,388</u>
Total assets		<u>39,336,603</u>	<u>25,080,482</u>	<u>23,559,608</u>	<u>6,389</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	15	22,463,273	268,407	22,463,273	734
Other reserves	16.1	(3,615,811)	517,879	–	–
Retained earnings/(Accumulated losses)	16.2	10,728,012	5,562,386	1,034,422	(1,073,155)
Total equity		<u>29,575,474</u>	<u>6,348,672</u>	<u>23,497,695</u>	<u>(1,072,421)</u>
Non-current liabilities					
Bank borrowings	17	34,359	–	–	–
Lease liabilities	18	150,456	–	–	–
Deferred tax liabilities	19	1,466,788	504,898	–	–
Amounts due to shareholders	23	–	15,721,339	–	–
		<u>1,651,603</u>	<u>16,226,237</u>	<u>–</u>	<u>–</u>
Current liabilities					
Bank borrowings	17	37,983	–	–	–
Lease liabilities	18	393,553	–	–	–
Trade payables	20	377,755	256,797	–	–
Other payables and accruals	21	2,550,341	1,960,382	52,162	359,567
Amount due to a related party	22	–	–	–	719,243
Amounts due to shareholders	23	4,495,457	–	–	–
Current income tax payable		254,437	288,394	9,751	–
		<u>8,109,526</u>	<u>2,505,573</u>	<u>61,193</u>	<u>1,078,810</u>
Total liabilities		<u>9,761,129</u>	<u>18,731,810</u>	<u>61,193</u>	<u>1,078,810</u>
Total equity and liabilities		<u>39,336,603</u>	<u>25,080,482</u>	<u>23,559,608</u>	<u>6,389</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

	Note	2020 US\$	2019 US\$
Revenue	24	25,925,041	20,629,121
Cost of sales		(8,645,043)	(7,594,779)
Gross profit		17,279,998	13,034,342
Other operating income	25	686,866	2,001,721
Selling and distribution expenses		(2,080,877)	(5,356,724)
Other operating expenses		(4,531,313)	(1,570,230)
Administrative expenses		(1,775,395)	(1,293,192)
Finance costs	27	(42,721)	(7,157)
Profit before income tax	28	9,536,558	6,808,760
Income tax expense	29	(3,039,112)	(1,914,636)
Profit for the financial year attributable to owners of the Company		6,497,446	4,894,124
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(567,714)	(89,289)
Income tax relating to items that may be subsequently reclassified		-	-
Other comprehensive loss for the financial year, net of tax		(567,714)	(89,289)
Total comprehensive income for the financial year attributable to owners of the Company		5,929,732	4,804,835
Earnings per share attributable to owners of the Company (cents)			
- Basic and diluted	30	1.31	1.17

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

Note	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$	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
Contributions by and distributions to owners						
Issuance of shares pursuant to the restructuring exercise	15,16	10,896,182	–	(3,565,976)	–	7,330,206
Issuance of shares pursuant to an initial public offering exercise	15	12,024,083	–	–	–	12,024,083
Shares issue expenses	15	(725,399)	–	–	–	(725,399)
Dividends	31	–	–	–	(1,331,820)	(1,331,820)
Total transactions with owners		22,194,866	–	(3,565,976)	–	(1,331,820)
Balance at 29 February 2020		22,463,273	383,615	(3,565,976)	(433,450)	10,728,012
						29,575,474

Note	Share capital	Capital reserve	Foreign currency translation reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 March 2018	267,675	383,615	223,553	668,262	1,543,105
Profit for the financial year	–	–	–	4,894,124	4,894,124
Other comprehensive income for the financial year					
Exchange differences on translating foreign operations	–	–	(89,289)	–	(89,289)
Total comprehensive income for the financial year	–	–	(89,289)	4,894,124	4,804,835
Contributions by and distributions to owners					
Issue of shares	15	733	–	–	733
Restructuring exercise	1.2	(1)	–	–	(1)
Total transactions with owners		732	–	–	732
Balance at 28 February 2019		268,407	383,615	134,264	5,562,386
					6,348,672

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

	2020 US\$	2019 US\$
Operating activities		
Profit before income tax	9,536,558	6,808,760
Adjustments for:		
Amortisation of mining properties	376,176	325,946
Depreciation of plant and equipment	1,950,918	1,028,793
Depreciation of right-of-use assets	315,226	–
Share-based payment expenses	786,946	–
Gain on modification of lease contracts	(208)	–
Interest income	(146,632)	(214)
Interest expense	42,721	7,157
Loss on disposal of plant and equipment	3,594	1,390
Plant and equipment written off	831	–
Unrealised foreign exchange gain	(7,113)	(32,850)
Operating cash flows before working capital changes	12,859,017	8,138,982
Working capital changes:		
Inventories	(419,951)	(188,657)
Trade and other receivables	(1,842,636)	(1,453,073)
Trade and other payables	654,787	1,468,000
Amount due to a related party	–	(637,027)
Cash generated from operations	11,251,217	7,328,225
Income tax paid	(2,232,170)	(1,033,968)
Income tax refunded	168,965	–
Net cash flow from operating activities	9,188,012	6,294,257
Investing activities		
Additions of exploration and evaluation assets	(1,933,683)	(404,417)
Additions of mining properties	–	(550,353)
Additions of plant and equipment	(4,420,313)	(5,481,381)
Proceeds from disposal of plant and equipment	29,536	35,092
Interest received	146,632	214
Net cash used in investing activities	(6,177,828)	(6,400,845)
Financing activities		
Interest paid	(42,721)	(7,157)
Repayment of bank borrowings (Note A)	(22,063)	(21,868)
Repayment of lease liabilities (Note A)	(297,566)	–
(Repayment to)/Advances from shareholders (Note A)	(3,316,929)	2,218,552
Proceeds from issuance of new ordinary shares	11,098,500	733
Shares issue expenses	(550,117)	–
Dividends paid	(1,331,820)	–
Net cash flow from financing activities	5,537,284	2,190,260
Net change in cash and cash equivalents	8,547,468	2,083,672
Effect of exchange rate changes on cash and cash equivalents	(434,389)	4,800
Cash and cash equivalents at beginning of financial year	2,129,428	40,956
Cash and cash equivalents at end of financial year	10,242,507	2,129,428

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

Note A: Reconciliation of liabilities arising from financing activities

	At		Cash flows	Non cash changes			At
	1 March	Adoption of		Additions of	Group	Foreign	
	2019	SFRS(I) 16	US\$	right-of-use	restructuring	currency	2020
	US\$	US\$	US\$	assets	exercise	translation	US\$
				US\$	US\$	US\$	
Bank borrowings (Note 17)	–	–	(22,063)	94,405	–	–	72,342
Lease liabilities (Note 18)	–	71,799	(297,566)	778,133	–	(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>(3,636,558)</u>	<u>872,538</u>	<u>(7,330,206)</u>	<u>(587,104)</u>	<u>5,111,808</u>

	At		Cash flows	Non cash changes		At
	1 March	2018		Cash flows	Foreign	
	US\$	US\$	US\$	currency	2019	
				translation	US\$	
				US\$		
Bank borrowings (Note 17)	22,678		(21,868)	(810)	–	
Amounts due to shareholders	14,060,255		2,218,552	(557,468)	15,721,339	
	<u>14,082,933</u>		<u>2,196,684</u>	<u>(558,278)</u>	<u>15,721,339</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

1. General corporate information

1.1 Domicile and activities

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 was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 March 2019. 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 5 to the financial statements.

The Company’s ultimate controlling party is Chee Yew Fei, who is Director of the Company as at 29 February 2020.

The statement of financial position of the Company as at 29 February 2020 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 29 February 2020 were authorised for issue in accordance with a Directors’ resolution dated 29 May 2020.

1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The Company underwent a Restructuring Exercise involving the following:

- (i) Acquisition of Fortress Mining Sdn. Bhd. (“FMSB”) by the Company (“FMSB Acquisition”)

By a restructuring agreement dated 19 February 2019 entered into between the Pre-Restructuring FMSB Shareholders, FMSB and the Company (the “FMSB SPA”), taking into account the unaudited NTA value of FMSB as at 31 August 2018, it was agreed that the consideration payable to the Pre-Restructuring FMSB Shareholders for the acquisition of shares in the capital of Fortress Mining by the Company is as set out below:

Pre-Restructuring FMSB Shareholder	Consideration payable by the Company	
	MYR	US\$
YF Chee Holdings Sdn. Bhd. (“YFCH”)	8,080,248	1,974,329
Greger International Sdn. Bhd. (“GISB”)	1,333,633	325,860
SDB Mining Sdn. Bhd. (“SDB Mining”)	5,805,226	1,418,450
Smith St Investment Pte. Ltd.	274,571	67,089
Western Capital Sdn. Bhd.	196,123	47,921
Total	15,689,801	3,833,649

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(ii) Capitalisation of Shareholders' Loans ("**Loan Capitalisation**")

In previous reporting date, an aggregate sum of MYR64.0 million (equivalent to US\$15.6 million) was owing by FMSB to the Pre-Restructuring FMSB Shareholders as set out below (collectively, the "Shareholders' Loans", and each, a "Shareholder's Loan"):

Pre-Restructuring FMSB Shareholder	Amount of Shareholder's Loan	
	MYR	US\$
YFCH	33,470,000	8,178,066
GISB	6,630,000	1,619,975
SDB Mining	23,000,000	5,619,824
Smith St Investment Pte. Ltd.	525,000	128,279
Western Capital Sdn. Bhd.	375,000	91,628
Total	64,000,000	15,637,772

Pursuant to the FMSB SPA, it was agreed that simultaneous with the completion of the sale and purchase of the shares capital of FMSB held by the Pre-Restructuring Shareholders, the Pre-Restructuring FMSB Shareholders shall assign MYR30.0 million (equivalent to US\$7.3 million) of the Shareholders' Loans to the Company in consideration of the allotment and issuance of such number of shares to the each of the Pre-Structuring FMSB Shareholders respectively.

Following the completion of the FMSB Acquisition and Loan Capitalisation, the Company allotted and issued new Shares to the Pre-Restructuring FMSB Shareholders as set out below:

Pre-Restructuring FMSB Shareholder	Number of new shares allotted and issued
Y F Chee Holdings Pte. Ltd.	215,655,720
GISB	35,593,630
SDB Mining	154,937,150
Smith St Investment Pte. Ltd.	7,328,125
Western Capital Sdn. Bhd.	5,234,375
Total	418,749,000

Following the completion of the above transactions, the resultant issued and paid-up share capital of the Company increased by US\$11,163,855. Deemed distribution to owners pursuant to the Restructuring Exercise was US\$267,673. Therefore, total issuance of new ordinary shares pursuant to the restructuring exercise after completion of Restructuring Exercise amounted to US\$10,896,182.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(ii) Capitalisation of Shareholders' Loans ("**Loan Capitalisation**") (Continued)

Following the completion of the Loan Capitalisation, the Shareholders' Loans from Smith St Investment Pte. Ltd. and Western Capital Sdn. Bhd. have been fully repaid, while a portion of the Shareholder's Loan from SDB Mining of approximately MYR11.1 million (equivalent to US\$2.7 million) was repaid. In respect of the remaining balance of the Shareholders' Loans, being MYR34.0 million (equivalent to approximately US\$8.3 million) owing to YFCH, GISB and SDB Mining:

- (a) each of YFCH, GISB and SDB Mining has committed not to demand any repayment of the respective amounts owing to them for a period of 18 months commencing from the date of admission of the Company to Catalist;
- (b) Fortress Mining may repay the same at any time and in such amounts as it deems fit, provided always that any repayment to the YFCH, GISB and SDB Mining shall be made on a pro-rata basis (the "Proposed Repayment"). The Proposed Repayment shall be subject to the approval in writing by the Audit Committee, after taking into consideration, without limitation, the general financial and business conditions, results of operations, earnings, capital expenditure, cash flow requirements and development plans of the Company at the time of the Proposed Repayment.

Upon completion of the Restructuring Exercise on 8 March 2019, the Company has the following subsidiaries:

<u>Name of company</u>	<u>Principal place of business</u>	<u>Principal activities</u>	<u>Effective equity interest held</u> %
Fortress Mining Sdn. Bhd. ⁽¹⁾	Malaysia	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals	100
Fortress Resources Pte. Ltd. ⁽²⁾	Singapore	Wholesale trade of a variety of goods without a dominant product	100
Fortress Logistics Sdn. Bhd. ⁽¹⁾	Malaysia	Transport of iron ore and minerals, renting of transport equipment and vehicles and supporting services for transport equipment and vehicles	100
Fortress Industries Sdn. Bhd. ⁽¹⁾	Malaysia	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	100

⁽¹⁾ Audited by BDO PLT, Malaysia

⁽²⁾ Audited by BDO LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The restructuring exercise involved acquisitions of companies, as referred to in Note 1.2 to the consolidated financial statements, which are under common control of the ultimate controlling party. In previous reporting date, these companies have been included in the consolidated financial statements of the Group in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiaries relationship was not established until after the Company formally acquired the share capital of the subsidiaries in current financial reporting period.

The consolidated financial statements of the Group 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 2019

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, except as detailed below:

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transaction Involving the Legal Form of a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the statement of financial position by recognising a ‘right-of-use’ asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be depreciated, and the lease liabilities will be measured at depreciated cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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 effective from 1 March 2019 (Continued)

SFRS(I) 16 Leases (Continued)

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 March 2019 (the “date of initial application”). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 March 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- Initial direct costs have not been included in the measurement of the right-of-use asset at the date of initial application;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16; the Group recognised right-of-use assets and lease liabilities in relation to the office and residential premises which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee’s incremental borrowing rate as at 1 March 2019. The weighted average incremental borrowing rate applied to lease liabilities of the Group on 1 March 2019 was 6.82% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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 effective from 1 March 2019 (Continued)

SFRS(I) 16 Leases (Continued)

The effect of adoption SFRS(I) 16 as at 1 March 2019 was as follows:

	Group US\$
Assets	
Non-current assets	
Right-of-use assets	71,799
Liabilities	
Non-current liabilities	
Lease liabilities	16,730
Current liabilities	
Lease liabilities	55,069
	<u>71,799</u>

The aggregate lease liabilities recognised in the statement of financial position as at 1 March 2019 and the Group's operating lease commitments as at 28 February 2019 can be reconciled as follows:

	Group US\$
Operating lease commitments as at 28 February 2019 (Note 32)	41,563
Less: Effect of short-term and low value leases	(1,667)
Add: Effect of extension options reasonably certain to be exercised	34,468
	74,364
Effect of discounting using the incremental borrowing rate as at date of initial application	(2,565)
Lease liabilities as at 1 March 2019 (Note 18)	<u>71,799</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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 and SFRS(I) INTs were issued but not yet effective and have not been adopted in these financial statements:

	Effective date (annual periods beginning on or after)
SFRS(I) 3 (Amendments) : <i>Definition of a Business</i>	1 January 2020
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments) : <i>Definition of Material</i>	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 : <i>Interest Rate Benchmark Reform</i>	1 January 2020
SFRS(I) 17 : <i>Insurance Contracts</i>	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) : <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Various : <i>Amendments to References to the Conceptual Framework in SFRS(I) Standards</i>	1 January 2020
SFRS(I) 16 (Amendments) : <i>COVID-19 – Related Rent Concessions</i>	1 June 2020
SFRS(I) 1-1 (Amendments) : <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022

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

The Management is in the process of assessing the impact of implementing these standards on the financial statements of the Group and the Company, since the effects would only be observed for future financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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.

2.3 Business combinations

Acquisition under common control

The consolidated financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after the restructuring exercise carried out in the previous financial year. The Restructuring Exercise involved companies which are under common control. The consolidated financial statements of the Group for the financial year ended 28 February 2019 have been prepared in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting period.

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are presented as if the entities had always been combined since the date the entities had come under common control. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquirees is recognised directly to equity as merger reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.4 Exploration and evaluation assets

Exploration and evaluation activity 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 have 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 reserves, 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.

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 reserves 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 29 FEBRUARY 2020

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 reserves 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. Licenses cost paid in connection with a right to explore in existing exploration area are capitalised and amortised over the term of the permit.

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 reserve 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 reserves or impacted by present assessment of economically recoverable reserves 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 reserves 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 reserves that directly benefit from the stripping activity.

2.6 Subsidiary

Subsidiary is an entity over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investment in a subsidiary is accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.7 Plant and equipment

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

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

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

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

	<u>Years</u>
Furniture and fittings	5
Office equipment	5
Site equipment	5
Plant and machinery	5 to 10
Motor vehicles	5

Capital work-in progress represents installation of equipment in progress. No depreciation is charged on construction-in-progress as they are not yet ready for their intended use as at the end of reporting period. The depreciation of capital work-in-progress commenced 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 each 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 property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

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

Subsequent measurement

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

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

	<u>Years</u>
Office and residential 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 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

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

Accounting policy for leases prior to 1 March 2019

As lessee

Finance leases

Leases are classified as finance leases whether the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payment. The corresponding liabilities to the lessor are included in the consolidated statement of financial position as a lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.15).

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.8 Leases (Continued)

As lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

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 29 FEBRUARY 2020

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 its 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 its affected financial assets when and only when the Group and the Company change its 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 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment provisions for other receivables and deposits, short-term investments, cash and bank balances, 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 (excluding prepayments) and deposits, short-term investments, cash and bank balances and amount due from subsidiaries and related company in the consolidated statement 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. Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition.

Trade and other payables

Trade and other payables, excluding advances received, 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 loan 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 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities (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 using actual cost (First-in-First-out). The cost of iron ores comprises direct labour, other direct cost, amortisation of mining properties, depreciation of plant and equipment 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 29 FEBRUARY 2020

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 period in which they are incurred using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits

Defined contribution plans

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

Employee leave entitlements

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

2.17 Taxes

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

Income tax

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

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

Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

Deferred tax (Continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

2.18 Dividends

Dividends to the Company's equity holders are recognised when the dividends are declared and approved for payment.

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

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 period, unless exchange rates fluctuated significantly during that period, 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 reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

2. Summary of significant accounting policies (Continued)

2.19 Foreign currency transactions and translation (Continued)

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 reserve.

On disposal of a foreign operation, the accumulated foreign exchange 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.

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, 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 accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Impairment of plant and equipment and mining properties

The Group assesses the assets relating to the mining operations 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 considered to be the higher of fair value less costs to sell and value in use. In determining if there are indicators of impairment of the Group's plant and equipment and mining properties, judgement is used to consider if there are external and internal sources of information that indicates the Group's assets may be impaired. Due to the recent COVID-19 pandemic, the Group's mining operations have been temporarily disrupted by the Movement Control Order in Malaysia where the operations are based. However, approvals have since been obtained for resumption of the mining operations as disclosed in Note 4 to the financial statements. The Group has determined that there are no indications of impairment in the plant and equipment and mining properties, taking into consideration the remaining estimated mining reserves, production costs, iron ore prices and continuation of the production activities. The carrying amount of plant and equipment and mining properties as at 29 February 2020 were US\$13,498,301(2019: US\$11,365,523) and US\$6,343,918 (2019: US\$6,973,060) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

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 is amortised on a unit of production basis over the economically recoverable reserves of the mine concerned except for the mining rights which is amortised over the term of permit. Management reviews and revises the estimates of the recoverable reserves 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 reserve of the mine and, the useful life and residual values of the mine properties would impact the amortisation charges and consequently affect the Group's financial performance. The carrying amount of mining properties as at 29 February 2020 was US\$6,343,918 (2019: US\$6,973,060).

4. Impact of novel coronavirus ("COVID-19") on the Group's operations

On 31 January 2020, the World Health Organisation ("WHO") announced that the novel coronavirus ("COVID-19") outbreak as a global health emergency. As the Group's mining operations are based in Malaysia, it was affected by the Federal Government of Malaysia's initiation of the Movement Control Order ("MCO") which required businesses to close from 18 March 2020 and which extended to 12 May 2020.

As previously announced, the Malaysian Ministry of International Trade and Industry ("MITI") had on 25 April 2020 and 29 April 2020 respectively approved the resumption of the operations of the Company's subsidiaries, namely Fortress Logistics Sdn. Bhd. and Fortress Mining Sdn. Bhd., subject to the conditions stated in the approval, which include taking precautionary hygiene and health measures.

The Group had taken precautionary measures and implemented operational protocols in its operations. All precautions are taken to ensure the safety and well being of its employees. Therefore, the Group's mining operations have since resumed.

There is continued demand of high-grade iron ore in the Group's major markets in Malaysia and China. In addition, although the COVID-19 situation has impacted on the Group's customers, the Group continues to monitor the credit quality of its customers, who have a good credit standing, to ensure recovery of the receivables. The Group has also determined that there are no indications of impairment on the Group's plant and equipment and mining properties, taking into consideration the remaining estimated mining reserves, production costs and continuation of production activities.

The Management has considered the uncertainties and challenges arising from the outbreak and assessed the impact of COVID-19 on its operations, and anticipated that adequate funds are available for its operating requirements and meeting debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

5. Investments in subsidiaries

	Company	
	2020 US\$	2019 US\$
Unquoted equity shares, at cost	<u>11,405,647</u>	<u>1</u>

	Company	
	2020 US\$	2019 US\$
Unquoted equity shares, at cost		
Balance at beginning of financial year	1	–
Acquisition pursuant to group restructuring (Note 1.2)	3,833,649	–
Acquisition of a subsidiary	–	1
Capitalisation of amount due from a subsidiary	4,973,247	–
Additional capital contribution	<u>2,598,750</u>	–
Balance at end of financial year	<u>11,405,647</u>	<u>1</u>

Acquisition of subsidiaries – FMSB & Fortress Resources Pte Ltd (“Fortress Resources”)

As disclosed in Note 1.2 to the financial statements, 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 are still under common control of the ultimate controlling party.

The merger reserve represents the difference between the consideration paid and the paid-up capital of the acquired subsidiary that is accounted for by applying the “pooling-of-interest” method.

	Company	
	2020 US\$	2019 US\$
Consideration transferred:	3,833,649	–
Less: Paid up capital	<u>(267,673)</u>	–
Difference recognised in merger reserve	<u>3,565,976</u>	–

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.

In previous financial year ended 28 February 2019, the Company acquired a subsidiary, Fortress Resources for a consideration equivalent to US\$1. The acquisition of the subsidiary has no material financial impact to the Group and of the Company.

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 consideration was satisfied by way of capitalisation of part of the amount due from Fortress Logistics. The acquisition of the subsidiary has no changes in the equity interest held by the Group. Refer to Note 2.3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

5. Investments in subsidiaries (Continued)

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

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.

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective equity interest held	
			2020 %	2019 %
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	–
Fortress Dredging Sdn. Bhd.	Malaysia	Business of extraction, dredging and dealing of industrial sand, acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals.	100	–
Held by Fortress Mining Sdn. Bhd.				
Fortress Logistics Sdn. Bhd. ⁽²⁾	Malaysia	Transport of iron ore and minerals, renting of transport equipment and vehicles and supporting services for transport equipment and vehicles	100	–
Fortress Industries Sdn. Bhd. ⁽²⁾	Malaysia	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	100	–

⁽¹⁾ Audited by BDO LLP, Singapore

⁽²⁾ Audited by BDO PLT, Malaysia

6. Exploration and evaluation assets

	Group	
	2020 US\$	2019 US\$
Balance at beginning of financial year	403,005	–
Additions	1,933,683	404,417
Foreign currency translation adjustment	(14,835)	(1,412)
Balance at end of financial year	2,321,853	403,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

6. Exploration and evaluation assets (Continued)

During the financial year, employee benefits expense of US\$127,701 (2019: US\$125,958) are capitalised in exploration and evaluation assets and which includes contributions to defined contribution plans of US\$6,175 (2019: US\$8,714).

Recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

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

7. Mining properties

	Group	
	2020 US\$	2019 US\$
Cost		
Balance at beginning of financial year	7,297,869	7,009,136
Additions	-	564,747
Foreign currency translation adjustment	(268,656)	(276,014)
Balance at end of financial year	<u>7,029,213</u>	<u>7,297,869</u>
Amortisation and impairment		
Balance at beginning of financial year	324,809	-
Charge for the financial year	379,608	325,946
Foreign currency translation adjustment	(19,122)	(1,137)
Balance at end of financial year	<u>685,295</u>	<u>324,809</u>
Carrying amount		
Balance at end of financial year	<u>6,343,918</u>	<u>6,973,060</u>

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

	Group	
	2020 US\$	2019 US\$
Additions of mining properties	-	564,747
Non-cash accrual	-	14,394
Cash payments to acquire mining properties	<u>-</u>	<u>550,353</u>

In the previous financial year ended 28 February 2019, the additions to mining properties includes the employee benefit expenses of US\$219,957. Employee benefit expenses included contributions to defined contribution plans of US\$15,484.

The Group's amortisation charges at each reporting period are allocated as follows:

	Group	
	2020 US\$	2019 US\$
Charged to profit or loss	376,176	325,946
Capitalised as inventories	3,432	-
	<u>379,608</u>	<u>325,946</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

8. 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 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)	–
Foreign currency translation	(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
Foreign currency translation	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)
Carrying amount							
Balance at 29 February 2020	12,267	32,268	343,468	9,286,820	3,459,508	363,970	13,498,301
Group							
Cost							
Balance at 1 March 2018	13,131	12,803	297,099	419,090	248,644	6,456,669	7,447,436
Additions	1,846	7,000	258,353	393,149	4,017,769	803,264	5,481,381
Disposal	–	–	–	–	(50,079)	–	(50,079)
Reclassification	–	–	–	6,281,535	–	(6,281,535)	–
Foreign currency translation	(520)	(525)	(12,517)	(39,668)	(23,561)	(233,334)	(310,125)
Balance at 28 February 2019	14,457	19,278	542,935	7,054,106	4,192,773	745,064	12,568,613
Accumulated depreciation							
Balance at 1 March 2018	(1,232)	(3,816)	(47,410)	(48,378)	(45,243)	–	(146,079)
Depreciation for the financial year	(2,765)	(3,203)	(83,393)	(672,172)	(318,506)	–	(1,080,039)
Disposal	–	–	–	–	13,597	–	13,597
Foreign currency translation	58	160	2,144	4,236	2,833	–	9,431
Balance at 28 February 2019	(3,939)	(6,859)	(128,659)	(716,314)	(347,319)	–	(1,203,090)
Carrying amount							
Balance at 28 February 2019	10,518	12,419	414,276	6,337,792	3,845,454	745,064	11,365,523

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

8. Plant and equipment (Continued)

The carrying amounts of plant and equipment of the Group secured by bank borrowings (Note 17) as at 29 February 2020 are US\$123,102 (2019: US\$Nil).

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

	2020 US\$	2019 US\$
Additions of plant and equipment	4,514,718	5,481,381
Acquired under bank borrowings	(94,405)	–
Cash payments to acquire plant and equipment	<u>4,420,313</u>	<u>5,481,381</u>

The Group's depreciation charges at each reporting period are allocated as follows:

	Group	
	2020 US\$	2019 US\$
Charged to profit or loss	1,950,918	1,028,793
Capitalised in mining properties	–	14,394
Capitalised in inventories	15,781	38,852
	<u>1,966,699</u>	<u>1,080,039</u>

During the financial year, employee benefits expense of US\$157,135 (2019: US\$111,281) are capitalised in plant and equipment and which includes contributions to defined contribution plans of US\$6,641 (2019: US\$12,251).

9. Right-of-use assets

	Office and residential premises US\$	Motor vehicles US\$	Total US\$
Group			
As at 1 March 2019			
– Adoption of SFRS(l) 16 (Note 2.1)	71,799	–	71,799
	71,799	–	71,799
Additions	9,297	768,836	778,133
Depreciation	(19,074)	(298,966)	(318,040)
Modification of lease terms	(8,311)	–	(8,311)
Exchange difference	517	5,643	6,160
As at 29 February 2020	<u>54,228</u>	<u>475,513</u>	<u>529,741</u>

The Group's depreciation charges at each reporting period are allocated as follows:

	Group	
	2020 US\$	2019 US\$
Charged to profit or loss	315,226	–
Capitalised in inventories	2,814	–
	<u>318,040</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

10. Inventories

	Group	
	2020 US\$	2019 US\$
Iron ores	231,485	135,163
Consumables	633,242	303,745
	<u>864,727</u>	<u>438,908</u>

11. Trade receivables

	Group	
	2020 US\$	2019 US\$
Trade receivables – third parties	<u>3,393,708</u>	<u>2,097,620</u>

Trade receivables are unsecured, non-interest bearing and is on a credit term of 7 to 60 days (2019: 7 days).

The currency exposure of the Group's trade receivables at the end of each reporting date are as follows:

	Group	
	2020 US\$	2019 US\$
Malaysian Ringgit	14,138	–
United States Dollar	3,379,570	2,097,620
	<u>3,393,708</u>	<u>2,097,620</u>

At the reporting period, the lifetime expected loss provision for the Group's trade receivables are as follows:

Group	Current US\$	Past due less than 1 month US\$	Past due over 1 to 2 months US\$	Past due over 2 to 5 months US\$	Past due over 5 months US\$	Total US\$
2020						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables – Third parties	3,393,708	–	–	–	–	3,393,708
Loss allowance – Credit impaired	–	–	–	–	–	–
	<u>3,393,708</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,393,708</u>
2019						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables – Third parties	2,097,620	–	–	–	–	2,097,620
Loss allowance – Credit impaired	–	–	–	–	–	–
	<u>2,097,620</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,097,620</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

11. 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.

12. Other receivables, deposits and prepayments

	Group		Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Other receivables	1,184	–	–	–
Deposits	1,279,115	162,806	–	–
Prepayments	861,273	1,307,218	–	–
GST receivables	276	202,914	–	–
	2,141,848	1,672,938	–	–
Less:				
Prepayments	(861,273)	(1,307,218)	–	–
GST receivables	(276)	(202,914)	–	–
Add:				
Trade receivables (Note 11)	3,393,708	2,097,620	–	–
Cash and bank balances (Note 14)	10,242,507	2,129,428	7,807,721	6,388
Total financial assets carried at amortised cost	14,916,514	4,389,854	7,807,721	6,388

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

The currency exposure profiles of other receivables, deposits and prepayments as at the end of each reporting date are Malaysian Ringgit.

13. Amount due from subsidiaries

	Company	
	2020 US\$	2019 US\$
Amount due from subsidiaries (non-trade)	4,346,240	–

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

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

	Company	
	2020 US\$	2019 US\$
Malaysian Ringgit	3,446,240	–
United States Dollar	900,000	–
	4,346,240	–

NOTES TO THE FINANCIAL STATEMENTS

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14. Cash and bank balances

	Group		Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Cash at banks	6,633,120	2,129,428	4,226,337	6,388
Cash on hand	28,003	–	–	–
Short term deposits	3,581,384	–	3,581,384	–
	10,242,507	2,129,428	7,807,721	6,388

Short term deposits bear interest ranging from 1.35% to 1.49% per annum with per annum during the financial year and with maturity of one month from the end of the financial year ended 29 February 2020. The Group's short term deposits are readily convertible to cash at minimal cost.

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

	Group		Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Malaysian Ringgit	2,054,433	954,130	–	–
Singapore Dollar	6,714,421	8,092	6,697,879	5,895
United States Dollar	1,473,653	1,167,206	1,109,842	493
	10,242,507	2,129,428	7,807,721	6,388

15. Share capital

	Group			
	2020		2019	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Issued and fully paid:				
Balance at beginning of financial year	1,001,000	268,407	1,000,002	267,675
Issue of shares pursuant to Restructuring Exercise (Note 1.2)	417,749,000	10,896,182	(1)	(1)
Issue of shares ⁽ⁱ⁾	–	–	999	733
	418,750,000	11,164,589	1,001,000	268,407
Issuance of professional fee shares ⁽ⁱⁱ⁾	6,250,000	925,583	–	–
Issuance of shares pursuant to an Initial public offering exercise ⁽ⁱⁱⁱ⁾	75,000,000	11,098,500	–	–
Shares issue expenses ^(iv)	–	(725,399)	–	–
Balance at end of financial year	500,000,000	22,463,273	1,001,000	268,407

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

15. Share capital (Continued)

	Company			
	2020		2019	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Issued and fully paid				
Balance at beginning of financial year	1,000	734	1	1
Issue of shares pursuant to Restructuring Exercise (Note 1.2)	418,749,000	11,163,855	–	–
Issue of shares ⁽ⁱ⁾	–	–	999	733
	418,750,000	11,164,589	1,000	734
Issuance of professional fee shares ⁽ⁱⁱ⁾	6,250,000	925,583	–	–
Issuance of shares pursuant to an Initial public offering exercise ⁽ⁱⁱⁱ⁾	75,000,000	11,098,500	–	–
Shares issue expenses ^(iv)	–	(725,399)	–	–
Balance at end of financial year	500,000,000	22,463,273	1,000	734

- (i) On 1 August 2018, the Company's CEO, Chee Yew Fei, GISB and SDB Mining had subscribed for 529, 120 and 350 ordinary shares respectively. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of the Company was S\$1,000 (US\$733 equivalent) comprising 1,000 ordinary shares.
- (ii) 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 shares to Prime Partners Corporate Finance Pte Ltd and Laguna Star Ventures Limited respectively as partial payment of professional service fees.
- (iii) 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.
- (iv) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

16. Other reserves and Retained earnings/(Accumulated losses)

16.1 Other reserves

	Group	
	2020 US\$	2019 US\$
Capital reserve	383,615	383,615
Merger reserve	(3,565,976)	–
Foreign currency translation reserve	(433,450)	134,264
	<u>(3,615,811)</u>	<u>517,879</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 cost of acquisition of a subsidiary, FMSB (Note 1.2) and the amount of paid up share capital of the subsidiary at the date of acquisition (Note 5).

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.

16.2 Retained earnings/(Accumulated losses)

Movements of retained earnings/(accumulated losses) of the Company are as follows:

	Company	
	2020 US\$	2019 US\$
Balance at beginning of financial year	(1,073,155)	(227,184)
Total comprehensive income for financial year	3,439,397	(845,971)
Dividends (Note 31)	(1,331,820)	–
Balance at end of financial year	<u>1,034,422</u>	<u>(1,073,155)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

17. Bank borrowings

	Group	
	2020 US\$	2019 US\$
Secured		
Non-current	34,359	–
Current	37,983	–
	72,342	–

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

	Group	
	2020 US\$	2019 US\$
Details		
– No later than one financial year	37,983	–
– Between one and two financial years	23,827	–
– Between two and five financial years	10,532	–
	72,342	–

The bank borrowings of the Group are subject to weighted average effective rates of 5.46% per annum.

The fair value of the bank borrowings that are not carried out at fair value are disclosed as follows:

	Group	
	2020 US\$	2019 US\$
Bank borrowings	70,205	–

The fair value above is determined based on cash flows analyses, discounted at market borrowing rate of similar instrument which management expects to be available to the Group.

The effective interest rate per annum ranges from 2.48% to 3.72% per annum.

Bank borrowings are repayable over 2 to 3 years upon full drawdown of loan, based on monthly repayments ranging approximately from US\$590 to US\$1,270.

Bank borrowings are secured by certain motor vehicles (Note 8).

The currency exposure profile of bank borrowings as at the end of the reporting date is Malaysian Ringgit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

18. Lease liabilities

	Group		
	Office and residential premises US\$	Motor vehicles US\$	Total US\$
As at 1 March 2019			
– Adoption of SFRS(l) 16 (Note 2.1)	71,799	–	71,799
	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)
Foreign currency translation adjustment	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	
	2020 US\$	2019 US\$
Contractual undiscounted cash flows		
– No later than one financial year	418,503	–
– Between one and two financial years	135,432	–
– Between two and five financial years	19,165	–
	573,100	–
Less: Future interest expense	(29,091)	–
Present value of lease liabilities	544,009	–
Presented in consolidated statement of financial position		
– Non-current	150,456	–
– Current	393,553	–
	544,009	–

The Group leases an office space and hostels in Malaysia. It is customary for lease contract to provide payment to increase each year by inflation, to be reset periodically to market rental rates or fixed payments. The Group also leases motor vehicles with only fixed payments over the lease terms.

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

All lease payments are fixed term in nature.

As at 29 February 2020, the average incremental borrowing rate applied was 6.82% per annum.

The currency exposure profile of lease liabilities as at the end of the reporting date are Malaysian Ringgit.

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19. Deferred tax liabilities

	Group	
	2020 US\$	2019 US\$
Balance at beginning of financial year	504,898	54,703
Charged to profit or loss	999,338	453,917
Foreign currency translation adjustment	(37,448)	(3,722)
Balance at end of financial year	1,466,788	504,898

The deferred tax liabilities are attributable to temporary differences arising from plant and equipment and mining properties, after appropriate off-setting of leases.

20. Trade payables

The trade payables are unsecured, interest free and repayable within the credit terms of 30 days (2019: 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 are Malaysian Ringgit.

21. Other payables and accruals

	Group		Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Other payables	405,012	631,628	345	126,058
Accruals	2,145,329	1,328,754	51,817	233,509
	2,550,341	1,960,382	52,162	359,567
Add:				
Trade payables	377,755	256,797	-	-
Bank borrowings (Note 17)	72,342	-	-	-
Lease liabilities (Note 18)	544,009	-	-	-
Amounts due to shareholders (Note 23)	4,495,457	-	-	-
Total financial liabilities carried at amortised cost	8,039,904	4,177,561	52,162	359,567

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

	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Malaysian Ringgit	2,486,194	1,616,810	-	22,185
United States Dollar	2,979	-	-	-
Singapore Dollar	61,168	343,572	52,162	337,382
	2,550,341	1,960,382	52,162	359,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

22. Amount due to a related party

The amount due to a related party was trade related, unsecured, interest-free and repayable on demand in cash.

The currency exposure profile of amount due to a related party as at the end of the previous reporting date was Malaysian Ringgit.

23. Amounts due to shareholders

In the previous financial year, pursuant to the restructuring agreements entered between the Company, Fortress Mining and pre-restructuring shareholders (the "Shareholders") as disclosed in Note 1.2 to the financial statements, the shareholders have committed not to demand for repayment within the next 12 months after the previous reporting date. Accordingly, the amounts due to shareholders were reclassified to non-current liabilities.

On 9 July 2019, the Audit Committee had approved a repayment scheme "Proposed Repayments" and the Group commenced its repayment obligations with monthly repayments of MYR2.5 million for the period from September 2019 to April 2020 and at monthly repayment of MYR3.5 million from May 2020 to until the amount fully repaid.

The currency exposure profile of amounts owing to shareholders as at the end of the reporting date is Malaysian Ringgit.

24. Revenue

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

	Group	
	2020	2019
	US\$	US\$
<i>Primary geographical market</i>		
China	–	15,864,540
Malaysia	25,925,041	4,764,581
	25,925,041	20,629,121
<i>Type of good and services</i>		
Sale of iron ore	25,864,833	20,629,121
Others	60,208	–
	25,925,041	20,629,121
<i>Timing of transfer of goods and services</i>		
Point in time	25,925,041	20,629,121

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

25. Other operating income

	Group	
	2020	2019
	US\$	US\$
Interest income	146,632	214
Sales of semi-processed iron ore	354,103	2,000,920
Realised foreign exchange gain	181,093	–
Others	5,038	587
	<u>686,866</u>	<u>2,001,721</u>

26. Employee benefits expenses

	Group	
	2020	2019
	US\$	US\$
Wages, salaries, bonuses and other emoluments	3,659,866	1,516,901
Contributions to defined contribution plans	244,208	98,374
Social security contributions	23,528	8,599
Vehicle maintenance benefits	702,751	249,784
Other benefits	494,162	346,004
	<u>5,124,515</u>	<u>2,219,662</u>

The employee benefits expenses are recognised in the following line items of profit or loss:

	Group	
	2020	2019
	US\$	US\$
Cost of sales	2,454,981	1,535,909
Other operating expenses	2,669,534	683,753
	<u>5,124,515</u>	<u>2,219,662</u>

Employee benefit expenses relating to key management personnel are disclosed in Note 34 to the financial statements

27. Finance costs

	Group	
	2020	2019
	US\$	US\$
Interest expense on:		
– bank borrowings	2,776	715
– lease liabilities (Note 18)	39,945	–
– trust receipts	–	6,442
	<u>42,721</u>	<u>7,157</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

28. Profit before income tax

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

	Group	
	2020	2019
	US\$	US\$
<i>Selling and distribution expenses</i>		
Handling and transportation charges	1,177,180	1,490,251
Commission expense	312,235	241,410
Ocean freight	–	2,432,614
Royalty expense	1,205,179	1,183,068
<i>Other operating expenses</i>		
Travelling and accommodation	199,516	103,863
Tools and small equipment	520,906	–
Upkeep of site	142,113	117,914
Upkeep of machineries	957,746	567,769
Lease expenses on:		
– short-term leases	20,798	–
– low value leases	19,637	–
Operating leases expenses – office rental	–	21,693
<i>Administrative expenses</i>		
Audit fee paid/payable to:		
– auditors of the Company	47,688	79,019
– other auditors	10,852	10,107
Non-audit fee paid/payable to:		
– auditors of the Company	3,935	11,000
– other auditors	3,280	2,989
Foreign exchange loss	356,914	310,766
Initial public offering expenses*	929,683	756,888
Loss on disposal of plant and equipment	3,594	1,390
Plant and equipment written off	831	–

* Included in these expenses were professional fees paid to the external auditor of the Company amounting to US\$6,316 (2019: US\$125,676) 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, amounting US\$18,851 (2019: US\$ Nil) was charged to shares issues expenses under share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

29. Income tax expense

	Group	
	2020	2019
	US\$	US\$
Current income tax		
– current financial year	2,241,206	1,460,719
– over provision in respect of prior financial year	(201,432)	–
	<u>2,039,774</u>	<u>1,460,719</u>
Deferred tax		
– current financial year	388,424	430,328
– under provision in respect of prior financial years	610,914	23,589
	<u>999,338</u>	<u>453,917</u>
Income tax expense recognised in profit or loss	<u>3,039,112</u>	<u>1,914,636</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% (2019: 17%) to profit before income tax as a result of the following differences:

	Group	
	2020	2019
	US\$	US\$
Profit before income tax	9,536,558	6,808,760
Income tax calculated using applicable tax rate of 17% (2019:17%)	1,621,215	1,157,489
Add/(Less):		
Effect of different tax rate of overseas operations	764,772	534,845
Effect of non-allowable items	285,884	211,691
Effect of income not subject to tax	(29,492)	(2,493)
Corporate tax rebate and incentive	(12,749)	(10,485)
Over provision of current income tax in prior financial year	(201,432)	–
Under provision of deferred tax in prior financial years	610,914	23,589
	<u>3,039,112</u>	<u>1,914,636</u>

30. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2020	2019
Profit for the financial year attributable to owners of the Company (US\$)	<u>6,497,446</u>	<u>4,894,124</u>
Weighted-average number of ordinary shares used in issue during the financial year applicable to earnings per share	<u>494,774,590</u>	<u>418,749,584</u>
<i>Earnings per share (in cents)</i>		
– Basic and diluted	<u>1.31</u>	<u>1.17</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

30. Earnings per share (Continued)

For comparative purposes, the number of shares as at 28 February 2019 comprises the shares of the Company and its subsidiaries. In calculating earnings per share for financial year ended 28 February 2019, the number of shares in issue of 418,749,000 is on the basis of the completion of the Restructuring Exercise as set out in the Note 1.2, which has been applied retrospectively in presenting earnings per share information for the financial year ended 28 February 2019.

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

31. Dividends

	Company	
	2020	2019
	US\$	US\$
	<u> </u>	<u> </u>
Ordinary dividends paid:		
– 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	–
	<u>1,331,820</u>	<u>–</u>

For the financial year ended 29 February 2020, the Board recommended a one-tier tax exempt final cash dividend of S\$0.8 million; equivalent to 0.16 Singapore cents per ordinary share (US\$0.5 million; equivalent to 0.12 US cents per ordinary share), subject to the approval of shareholders at the forthcoming annual general meeting.

These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 28 February 2021.

32. Operating lease commitments

The Group as lessee

As at 28 February 2019, the Group's commitments in respect of non-cancellable operating leases in respect of office premises are as follows:

	Group
	2019
	US\$
	<u> </u>
Within one financial year	22,501
After one financial year but within five financial years	19,062
	<u><u>41,563</u></u>

Operating lease commitments as at 28 February 2019 represent rents payable by the Group for office premises. These leases have fixed terms and renewal options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

33. Capital commitments

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

	Group	
	2020	2019
	US\$	US\$
Capital expenditures contracted but not provided for		
– Plant and equipment	44,918	168,750

34. 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 entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
With subsidiaries				
Dividends received	–	–	4,826,031	–
Advances from	–	–	–	5,623
Debts assigned via group restructuring	–	–	7,339,047	–
Paid on behalf by	–	–	389,825	487,945
With related parties				
Lease payments	17,035	–	–	–
Purchase of goods and services	–	937,983	–	–
Purchase of plant and equipment	–	300,682	–	–
Rental of machinery and motor vehicle	–	1,419,798	–	–
Rental of office	–	21,693	–	–
Supply of workers	–	13,683	–	–
Advances from	–	1,234,994	–	–
Paid on behalf by	–	1,172	–	–
With shareholders				
Advances	–	2,218,552	–	–

The outstanding balances as at 29 February 2020 and 28 February 2019 with related parties are disclosed in Notes 13, 22 and 23 to the financial statements and are unsecured, interest free and repayable on demand and are to be settled in cash, unless otherwise stated. There are no outstanding balances with key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

34. Significant related party transactions (Continued)

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	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Directors' fees	185,158	–	177,923	–
Salaries and other emoluments	988,151	236,268	–	–
Contributions to defined contribution plans	63,572	22,706	–	–
Social security contributions	293	321	–	–
Other benefits	21,678	19	21,678	–
	1,258,852	259,314	199,601	–
Comprised amounts paid to:				
– Directors of the Company	1,136,602	–	199,601	–
– Directors of subsidiaries	122,250	259,314	–	–
	1,258,852	259,314	199,601	–

35. 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 of iron ore and sales.
- (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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

35. Segment information (Continued)

	Iron ore US\$	Other US\$	Total US\$
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)	10,916,312	(1,379,754)	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
2019			
Revenue			
External customers, representing total revenue	20,629,121	–	20,629,121
Results:			
Interest income	–	214	214
Amortisation of mining properties	(325,946)	–	(325,946)
Depreciation of plant and equipment	(1,028,793)	–	(1,028,793)
Loss on disposal of plant and equipment	(1,390)	–	(1,390)
Interest expense	(7,157)	–	(7,157)
Segment profit/(loss)	7,654,730	(845,970)	6,808,760
Assets:			
Additions to non-current assets	6,450,545	–	6,450,545
Segment assets	25,074,094	6,388	25,080,482
Segment liabilities	2,650,905	16,080,905	18,731,810

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\$25,925,041 (2019: US\$20,629,121) is derived from various customers in Malaysia (2019: People Republic of China and Malaysia). The Group derives revenue from 3 (2019: 4) major customers from the iron ore segment who contributed revenue amounting more than 10% of the Group's total revenue. The total revenue from these customers amounted to US\$25,864,833 (2019: US\$20,629,121).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

36. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including foreign currency 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.

36.1 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.

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 and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

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 consolidated statements of financial position.

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 each reporting date, there is no trade receivables past due but not impaired.

Other receivables including amount due from subsidiaries

For amount due from subsidiaries (Note 13), 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. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries has been measured based on 12-month expected credit loss model and subject to insignificant credit losses.

For other receivables, the Board of Directors adopts a policy of dealing with high credit quality counterparties. The Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on these other receivables. As at 29 February 2020, there is no indication that credit risk on these receivables have increased significantly hence, these receivables are measured at 12-month expected credit loss model and subject to insignificant credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

36.1 Credit risk (Continued)

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.

36.2 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.

At the end of each reporting date, the Group and the Company net exposure to foreign currency risk is as follows:

	Group		Company	
	MYR US\$	SGD US\$	MYR US\$	SGD US\$
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

36.2 Market risk (Continued)

Foreign currency risk (Continued)

	Group		Company	
	MYR US\$	SGD US\$	MYR US\$	SGD US\$
2019				
Other receivables and deposits (excluding prepayments)	365,720	–	–	–
Cash and bank balances	954,130	8,092	–	5,895
Amounts due to shareholders	(15,721,339)	–	–	–
Trade payables	(256,797)	–	–	–
Other payables and accruals	(1,616,810)	(343,572)	(22,185)	(337,382)
Amount due to a related party	–	–	–	(719,243)
Net financial liabilities	(16,275,096)	(335,480)	(22,185)	(1,050,730)
Less:				
Net financial liabilities denominated in the respective entities' functional currency	16,275,096	–	–	–
Net currency exposure	–	(335,480)	(22,185)	(1,050,730)
Sensitivity analysis	–	(27,845)	(1,841)	(87,211)

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

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

36.3 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 their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

36.3 Liquidity risk (Continued)

Contractual maturity analysis

The following table details the Group'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 is expected to pay. The table includes both expected interest and principal cash flows.

	Within 1 year US\$	Between 1 and 5 years US\$	Total US\$
Group			
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
	7,883,386	191,325	8,074,711
At 28 February 2019			
Trade payables	256,797	–	256,797
Other payables and accruals	1,960,382	–	1,960,382
	2,217,179	–	2,217,179
	Within 1 year US\$	Between 1 and 5 years US\$	Total US\$
Company			
At 29 February 2020			
Other payables and accruals	52,162	–	52,162
At 28 February 2019			
Other payables and accruals	359,567	–	359,567
Amount due to a related party	719,243	–	719,243
	1,078,810	–	1,078,810

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

36.4 Capital management policies and objectives

The Group and the Company manage its 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 its capital structure and make adjustments to it in light with 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 equity holders of the parent, comprising issued share capital, other reserves and retained earnings as disclosed in Notes 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 29 February 2020 and 28 February 2019.

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	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Trade payables	377,755	256,797	-	-
Other payables and accruals	2,550,341	1,960,382	52,162	359,567
Bank borrowings	72,342	-	-	-
Lease liabilities	544,009	-	-	-
Amount due to a related party	-	-	-	719,243
Amounts due to shareholders	4,495,457	15,721,339	-	-
Less: Cash and cash equivalents	(10,242,507)	(2,129,428)	(7,807,721)	(6,388)
Net (assets)/debts	(2,202,603)	15,809,090	(7,755,559)	1,072,422
Equity attributable to the owners of the Company	29,575,474	6,348,672	23,497,695	(1,072,421)
Total capital	27,372,871	22,157,762	15,742,136	1
Gearing ratio (%)	n.m.*	71.3%	n.m.*	n.m.^

* The Group and the Company are in net cash position for financial year ended 29 February 2020 and hence no gearing ratio are presented.

^ The Company was wholly financed by debt for financial year ended 28 February 2019.

The Group has no externally imposed capital requirements for the financial years ended 29 February 2020 and 28 February 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

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

36.5 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.

Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised costs approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair values of bank borrowings, which are classified in level 3 of the fair value hierarchy, refer to Note 17 to the financial statements.

37. Event after the reporting period

Subsequent to 29 February 2020, the Directors propose that a final one-tier tax exempt dividend of 0.16 Singapore cents per ordinary share amounting to S\$800,000 to be paid for the financial year ended 29 February 2020.

This dividend will be accounted for in the equity as appropriation of retained earnings in the financial year ending 28 February 2021 when the dividend is approved in the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020

38. Comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

The items were reclassified as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS

	Previously reported 2019 US\$	Group After reclassification 2019 US\$	Changes 2019 US\$
Depreciation of plant and equipment	6,682	1,028,793	1,022,111
Inventories	833,454	(188,657)	(1,022,111)
Net cash flow generated from operating activities	6,294,257	6,294,257	–

39. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 29 February 2020 were authorised for issue by the Board of Directors on 29 May 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MAY 2020

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	4	8.33	1,730	0.00
1,001 – 10,000	9	18.75	40,800	0.01
10,001 – 1,000,000	21	43.75	3,845,200	0.77
1,000,001 & ABOVE	14	29.17	496,112,270	99.22
TOTAL	48	100.00	500,000,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 20 MAY 2019

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	27,484,800	5.50
LOH CHEN YOOK	14,048,800	2.81
CITIBANK NOMINEES SINGAPORE PTE LTD	10,555,000	2.11
MAYBANK KIM ENG SECURITIES PTE.LTD.	9,575,000	1.91
SMITH ST INVESTMENT PTE. LTD.	7,328,125	1.46
CHANG CHEE KHEO	6,851,200	1.37
WESTERN CAPITAL SDN. BHD.	5,234,375	1.05
TEO CHEE KOK	4,699,000	0.94
PHILLIP SECURITIES PTE. LTD.	1,558,000	0.31
LEOW FAN SIEW	1,300,000	0.26
LOONG CHING HONG	1,291,000	0.26
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	845,900	0.17
RHB SECURITIES SINGAPORE PTE LTD	771,000	0.16
TAN MARGARET	500,000	0.10
OCBC SECURITIES PRIVATE LTD	498,300	0.10
TAN CHIN HWEE (CHEN JINGHUI)	300,000	0.06
TEO BOON WAH OR BEN LEOW BOON KIAT	150,000	0.03
TOTAL	499,177,470	99.84

STATISTICS OF SHAREHOLDINGS

AS AT 20 MAY 2020

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 60% 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 20 May 2020, approximately 15.05% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the Listing Manual Section B. Rules of Catalist of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the Company will be held by way of electronic means on Wednesday, 24 June 2020 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 29 February 2020 together with Directors’ Statement and the Auditor’s Report thereon. **Resolution 1**
2. To approve a tax-exempt (one-tier) final dividend of 0.16 Singapore cents per share for the financial year ended 29 February 2020. **Resolution 2**
3. To re-elect Mr Chew Wai Chuen, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. *[See Explanatory Note 1]* **Resolution 3**
4. To re-elect Mr Ng Mun Fey, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. *[See Explanatory Note 1]* **Resolution 4**
5. To re-elect Ms Willa Chee Keng Fong, a Director retiring pursuant to Regulation 98 of the Company’s Constitution. *[See Explanatory Note 1]* **Resolution 5**
6. To approve the payment of Directors’ fees of S\$237,000.00 for the financial year ending 28 February 2021, payable quarterly in arrears. **Resolution 6**
7. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 28 February 2021 and to authorize the Directors to fix their remuneration. **Resolution 7**
8. To transact any other ordinary business which may properly be transacted at an annual general meeting.

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

As Special Business

9. AUTHORITY TO ALLOT AND ISSUE SHARES

That pursuant to Section 161 of the Companies Act, 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:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance to subparagraphs (2)(a) and (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding 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 8

10. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE FORTRESS EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors be and are hereby authorised to offer and grant options (“**Options**”) under the Fortress Employee Share Option Scheme (the “**Scheme**”) and to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note 3]

Resolution 9

By Order of the Board

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

5 June 2020
 Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Chew Wai Chuen, an Independent Director and Non-Executive Chairman of the Company will, upon re-election as a Director, continue to serve as Chairman of the Board and the Remuneration Committee and remain a member of the Audit and Nominating Committees. Mr Chew Wai Chuen is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Chew Wai Chuen does not have any relationships including immediate family relationships between himself and the Directors, the Company and the substantial shareholders, which may affect his independence.

Mr Ng Mun Fey, the Executive Director and Chief Operating Officer is a substantial shareholder of the Company via his interest in 30% of the shares of Greger International Sdn Bhd. Mr Ng Mun Fey does not have any relationships including immediate family relationships between himself and the Directors, the Company and the other substantial shareholders. Mr. Ng Mun Fey will, upon re-election as a Director, remain as an Executive Director and Chief Operating Officer of the Company.

Ms Willa Chee Keng Fong, a Non-Executive and Non-Independent Director of the Company is the daughter of Dato' Sri Ivan Chee. Save as disclosed, Ms Willa Chee Keng Fong does not have any relationships including immediate family relationships between herself and other Directors, the Company and the other substantial shareholders. Ms Willa Chee Keng Fong will, upon re-election as a Director, remain as Non-Executive and Non-Independent Director of the Company.

Further information on all the abovementioned directors can be found under the section title "Board of Directors" on pages 12 to 15, "Corporate Governance Report" on pages 17 to 48 and "Key Information" on pages 49 to 54 of the 2020 Annual Report.

2. Ordinary Resolution 8, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the capital of the Company and to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 8 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 8 is passed and any subsequent consolidation or subdivision of shares.

3. Ordinary Resolution 9, if passed, will empower the Directors of the Company to offer and grant options, and allot and issue new Shares pursuant to the Scheme provided that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme and other share-based incentive scheme(s) or plan(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of the relevant grant. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

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. Printed copies of this notice of Annual General Meeting (the "Notice") and the Company's annual report ("AR") will not be sent to members. Instead, this Notice 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, 24 June 2020 at 11:00 a.m. are set out in the Company's announcement dated 5 June 2020 (the "Announcement"), which has been uploaded together with this Notice of AGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day. The Announcement may also be accessed at the URL <https://www.fortress.sg>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM.

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 18 June 2020, at the URL <https://streaming.sg/fortress/register>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the AGM by 11:00 a.m. on 23 June 2020.

NOTICE OF ANNUAL GENERAL MEETING

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 18 June 2020 via the following:

- (a) pre-registration link at URL <https://www.streaming.sg/fortress/register>; or
- (b) email to: corporate@fortress.sg; or
- (c) post to the registered office at 8 Robinson Road #03-00 ASO Building, Singapore 048544

The Company will endeavor to address all substantial and relevant questions received from Shareholders prior to the AGM and publish its response on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and at the Company's website at the URL <http://fortress.sg>. Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.

- 3. Due to the current COVID-19 restriction orders in Singapore, 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 meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. 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 21 June 2020 being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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 duly authorised officer, failing which the instrument of proxy may be treated as invalid.
- 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 by 11 a.m. on 15 June 2020.

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 of AGM 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, following up with the relevant members in relation to 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 5 June 2020 ("Announcement") which has been uploaded together with the Notice of AGM dated 5 June 2020 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 5 June 2020 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, 24 June 2020 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 29 February 2020 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Approval of a tax-exempt (one-tier) final dividend of 0.16 Singapore cents per share for the financial year ended 29 February 2020.			
3.	Re-election of Mr Chew Wai Chuen as a Director of the Company.			
4.	Re-election of Mr Ng Mun Fey as a Director of the Company.			
5.	Re-election of Ms Willa Chee Keng Fong as a Director of the Company.			
6.	Approval of payment of Directors' fees of S\$237,000.00 for the financial year ending 28 February 2021, payable quarterly in arrears.			
7.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	Authority to allot and issue shares in the capital of the Company.			
9.	Authority to allot and issue shares under the Fortress Employee Share Option Scheme.			

Dated this _____ day of _____ 2020.

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. Due to the current COVID-19 restriction orders in Singapore, 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 21 June 2020 (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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.
 - (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.

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 5 June 2020.



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