



fortress

FORTRESS MINERALS LIMITED

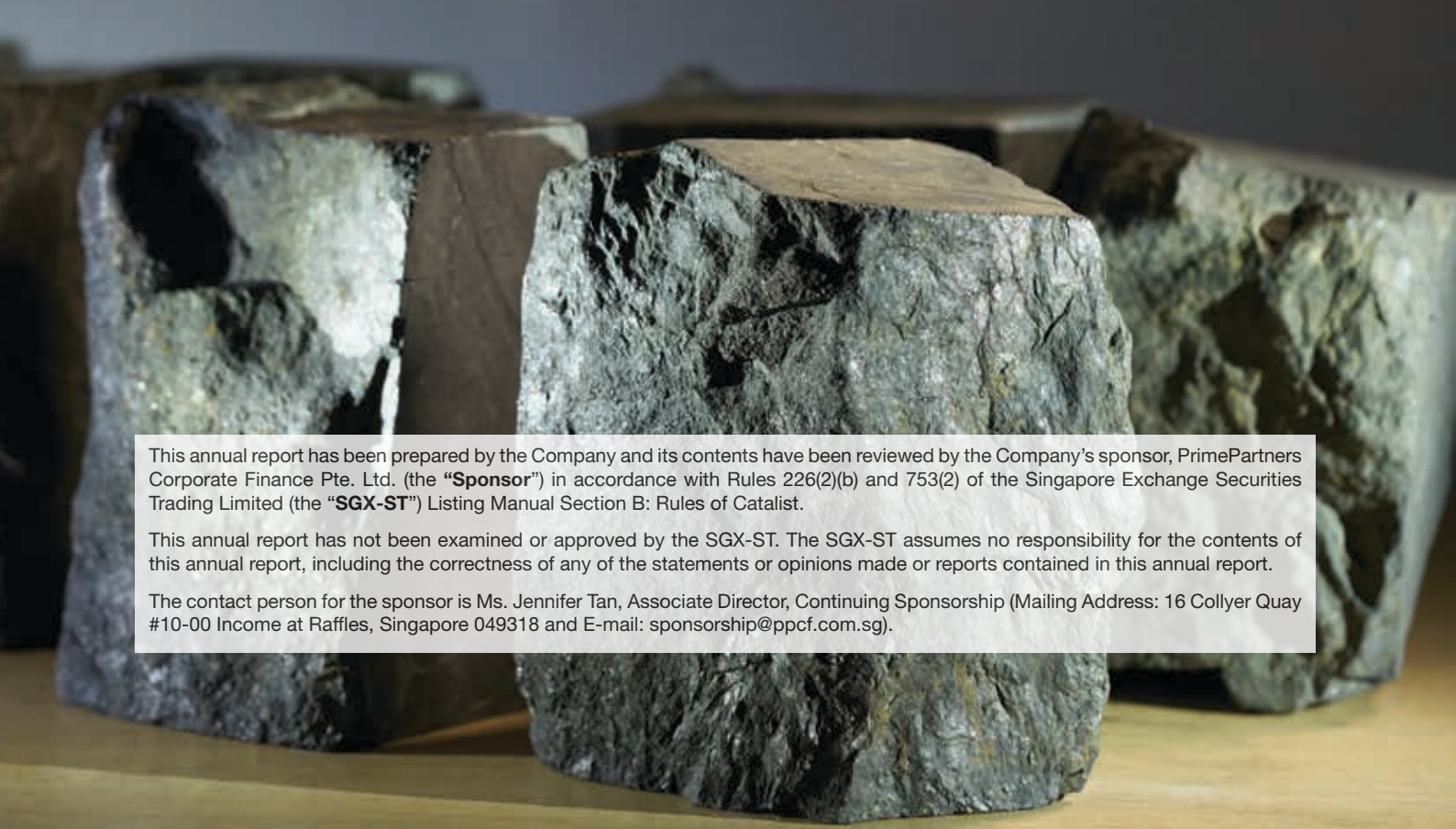


EXPLORING **NEW** POSSIBILITIES

ANNUAL REPORT 2019

CONTENTS

01	CORPORATE PROFILE
02	CHAIRMAN'S MESSAGE
04	CEO'S MESSAGE
08	KEY FINANCIAL HIGHLIGHTS
09	BOARD OF DIRECTORS
13	KEY MANAGEMENT PERSONNEL
14	GROUP STRUCTURE
16	CORPORATE INFORMATION
17	CORPORATE GOVERNANCE REPORT
46	KEY INFORMATION
54	DIRECTORS' STATEMENT
58	INDEPENDENT AUDITOR'S REPORT
62	STATEMENTS OF FINANCIAL POSITION
63	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
64	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
65	CONSOLIDATED STATEMENT OF CASH FLOWS
67	NOTES TO THE FINANCIAL STATEMENTS
106	STATISTICS OF SHAREHOLDINGS
108	NOTICE OF ANNUAL GENERAL MEETING PROXY FORM



This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or 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 Minerals**” and together with its subsidiaries, the “**Group**”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under stock code OAJ.

Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. We presently produce iron ore concentrate from iron ore mined from the East, Valley and West Deposits in our Bukit Besi Mine, and sell our iron ore concentrate primarily to steel mills and trading companies in the People’s Republic of China (PRC) and Malaysia.

Our Group built a team of skilled talents, including but not limited to miners, fabricators and engineers and they have greatly contributed to our strong in-house capabilities. As such, we are able to function effectively and competently as a full-scale mining company.

Fortress Minerals 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.

CHAIRMAN'S MESSAGE



On behalf of the Board of Directors ("Board") of Fortress Minerals Limited, it is my honour to present the Group's very first Annual Report for the financial year ended 28 February 2019 ("FY2019") since our listing on Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 March 2019.

This has indeed been a milestone year for our Group as Malaysia's first iron ore concentrate explorer, miner and producer to be listed on the Catalist Board of the SGX-ST.

The initial public offering ("IPO") of Fortress Minerals Limited (SG:OAJ), was very well received by our investors with 51,250,000 of the 75,000,000 placement shares being taken up by cornerstone investors. Response from retail investors was also very encouraging.

On the first trading day, our shares opened at S\$0.22 per share with a 10% premium above the offer price of S\$0.20 per share. During the first trading day, 2,661,400 shares changed hands and closed at S\$0.215 per share, resulting in a market capitalisation of approximately S\$107.5 million as of 27 March 2019. Through

the IPO exercise, we raised S\$15 million, of which S\$7.0 million will be used to further develop our Bukit Besi mine, S\$2.0 million for acquisitions and/or joint ventures, S\$3.5 million for general working capital and S\$2.5 million for IPO expenses.

With the successful IPO, I am delighted to report that the Group has achieved a significant corporate milestone for a new beginning as we move into the current financial year ending 29 February 2020.

Forward Growth

We have had a very promising first year following the listing of the Company. I remain confident that our Group's business will grow sustainably under the capable leadership of our CEO Dato' Sri Ivan Chee and his team members.

Going forward, we are and always will remain receptive to explore opportunities for acquisitions, joint ventures and strategic alliances, to strengthen Fortress Minerals Limited's market position and sustainable growth.

CHAIRMAN'S MESSAGE

Appreciation

On behalf of the Board, I would like to extend our sincere gratitude to the many parties that played an instrumental role in our successful listing through their professional expertise and personal commitment.

I would like to acknowledge the Singapore Exchange Securities Trading Limited, PrimePartners Corporate Finance Pte Ltd, ShookLin & Bok LLP, BDO LLP, Azman Davidson & Co., Sino-Lion Communications Pte Ltd, ZICO Corporate Services Pte Ltd, B.A.C.S Pte Ltd and last but not least my sincere appreciation to our fellow colleagues for their dedication and tireless effort in achieving this significant milestone for Fortress Minerals Limited.

We at Fortress Minerals Limited are committed to continually strive for a sustainable growth going forward.

Chew Wai Chuen

Chairman and Independent Director



CEO'S MESSAGE



Dear Shareholders,

It gives me great pleasure to present the maiden annual report of Fortress Minerals Limited and its subsidiaries ("Fortress Minerals" or the "Group") for the financial year ended 28 February 2019 ("FY2019").

As a leading iron ore concentrate miner and exporter in Malaysia, our Group is poised to take advantage of the buoyant iron ore market both domestically and in the People's Republic of China ("PRC"). Our Group is committed to continue to develop our Bukit Besi Mine in Malaysia and at the same time is on the lookout for new mining assets both domestically and in the region. Over the years, our Group has developed strong working relationships with all public and private stakeholders in the industry, including with the local communities we work with.

Operations Review

FY2019 was an eventful year for Fortress Minerals. Our Group completed the groundwork for our Bukit Besi Mine and successfully commenced commercial production in April 2018. Our very first 30,502 tonnes shipment of iron ore concentrate to the PRC achieved a Fe grade of 67.57% commanding a premium pricing given its high iron ore content and low impurity. Following shipments, were all of high grades and low impurities. During FY2019, our Group sold a total of 244,982 tonnes of iron ore concentrate at a minimum grade of Fe 65% to our domestic and PRC customers. We believe our Bukit Besi Mine will continue to contribute significantly to our future profitability and growth.

Bukit Besi Mine Processing Capacity Expansion

Immediately after our recent successful listing on the SGX-ST, we have embarked to install additional processing capacity at our Bukit Besi Mine. The additional processing capacity comprising of ball mills and related processing equipment have been fully installed and is currently undergoing trial runs to fine tune processing efficiency, yield and product quality.

Once the fine tuning process is completed, the additional capacity will commence commercial processing activities.

With the capacity expansion, the installed processing capacity at our Bukit Besi Mine is expected to be at 50,000 tonnes as compared to 40,000 tonnes per month in FY2019. Going forward, our Group is optimistic of increasing production and sale tonnages.

Financial Review

Revenue and Profitability

During FY2019, our Group produced and sold 244,982 wet metric tonnes ("WMT") of high grade iron ore concentrate and generated a revenue of US\$20.6 million. On average, our Group realised a revenue of US\$84.10 per WMT. Cost of sales incurred during FY2019 was US\$7.6 million resulting in an average cost of US\$31.00 per WMT following the commencement of commercial production of our high grade iron ore concentrate at our Bukit Besi mine in April 2018.

CEO'S MESSAGE

Our gross profit for FY2019 was US\$13.0 million resulting in a gross profit margin of 63.2%. As FY2019 was our Group's maiden year of commercial production, our production and cost efficiencies and hence our profitability margins were impacted by factors including but not limited to initial production ramp-ups, gestation period and economies of scale.

This has resulted in a profit before taxation of US\$6.8 million in FY2019 as compared to a loss before taxation of US\$0.4 million in FY2018. The turnaround was a direct consequence of the commencement of commercial production at our Bukit Besi mine in April 2018.

Bukit Besi Mine Mineral Resource

Throughout FY2019, 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 IPO Offer Document.

Independent consultants, SRK Consulting (Australasia) Pty Ltd (SRK) prepared an updated Mineral Resource estimates to include new drilling information and mining depletion as at 28 February 2019.

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: 26 April 2019

Date of previous report: 6 December 2018

Bukit Besi Mineral Resource tabulation as at 28 February 2019⁽¹⁾

Deposit	Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)	Change from previous update (%) ⁽²⁾	
West	Indicated	Iron	0.34	41.44	0.34	41.44	-10%	None
West	Inferred	Iron	2.42	39.33	2.42	39.33	-6%	None
Valley	Inferred	Iron	2.24	46.33	2.24	46.33	64%	None
East	Inferred	Iron	1.18	41.05	1.18	41.05	5%	None
Total Indicated + Inferred		Iron	6.19	42.31	6.19	42.31	16%	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 6 December 2018. Positive number denotes increase and negative number denotes decrease.

The Company does not have Mineral Resources as at 28 February 2019.

Name of Qualified Person: Leesa Collin

Date: 26 April 2019

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

Leesa Collin 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

Financial Position

The Group's net assets rose to US\$6.4 million as at 28 February 2019 from US\$1.5 million as at 28 February 2018. Net asset value per share increased to 1.27 US cents as at 28 February 2019 from 0.31 US cents as at 28 February 2018.

As at 28 February 2019, the Group had cash and cash equivalents of US\$2.1 million, an increase US\$2.0 million as at the end of the previous year. The increase was a direct consequence of the Group's profitability during the financial year.

Cashflow

In FY2019, our Group generated US\$6.3 million from our operating activities as compared to a negative US\$0.5 million in FY2018. The positive cash inflow was attributable to our Group's profitability following the commercial production at our Bukit Besi mine in April 2018.

During FY2019, our Group continued to invest an aggregate sum of US\$6.4 million into mining properties and plant and equipment at our Bukit Besi mine as compared to US\$10.8 million during FY2018.

Net cash generated from financing activities amounted to US\$2.2 million and US\$11.2 million in FY2019 and FY2018 respectively, attributable mainly to cash advance from shareholders of US\$2.2 million in FY2019 and US\$13.1 million in FY2018 to fund our Group's working capital.

As at 28 February 2019, our Group had cash and cash equivalents of US\$2.1 million as compared to US\$40,956 as at 28 February 2018.

Growth Strategy

During FY2019, the Group commenced construction of 2 additional ball mills and related machinery at our Bukit Besi processing plant to increase our high grade iron ore concentrate's steady state processing capacity from 40,000 metric tonnes per month to 50,000 metric tonnes per month. As at the date of this report, all construction and installation activities are progressing as scheduled to be followed by production tests and trial runs. The Group expects to increase its production and sale quantity.

During FY2019, our Group continued to carry out exploration and evaluation activities at its East, Valley and West Deposits. For details of our Group's updated Mineral Resource estimates, please refer to earlier paragraphs.

Industry Outlook

During FY2019, our management has observed that the iron ore concentrate industry has remained buoyant especially towards the 4QFY2019 following disruptions to mining infrastructure at major producing countries. These disruptions have escalated seaborne iron ore prices, achieving new levels especially during the last 6 months. The price escalation is further compounded by the heightened demand for seaborne high grade iron ore concentrate from PRC.

Without doubt our Group's high grade iron ore concentrate has benefited from the combined effect of favourable prices and heightened demand. Going forward our Group believe the industry will remain buoyant given the continuous healthy demand from our customers both in Malaysia and the PRC. Our Group continues to intensify our effort to optimise our production yield and overall cost efficiencies in anticipation of production volume returning to normalcy at major producing countries and any unfavourable changes to seaborne iron ore prices.

Corporate Social Responsibility

Our Group has made efforts to integrate with the local population in the vicinity where our mine is located. We provide the local community with new employment opportunities, training and skills development. We have also broadened the economic and commercial opportunities for local businesses, indirectly contributing to the economic growth of the region. We are also developing a corporate social responsibility policy which will address our Group's impact on the local community. On a broader scale, we contribute to the overall economic growth of and economic opportunities to the business community in the state of Terengganu and Malaysia as a whole.

Our Group also values social responsibility and has been participating in community development projects that align with the needs and objectives of local communities identified through engagement and consultation, as well as making contributions towards charitable causes.



CEO'S MESSAGE

Our employees participate in on-the-job trainings and/or attend external training sessions on a need-to basis. Moving forward, our Group will develop a suitable training framework for our employees.

Investor Relations

Following the strong support of all our investors especially our cornerstone investors during our recent listing on the SGX-ST on 27 March 2019, we have continued to engage the investment community through regular briefings and dialogue sessions to keep shareholders, fund managers and analysts abreast of our Group's progress. Going forward, we will conduct quarterly results briefings and dialogue sessions for fund managers and analysts especially with those covering the resource industry.

We will also participate in various activities such as roadshows, public talks and seminars to reach out to retail investors both in Singapore and in the region. At appropriate juncture, we will also consider launching a presence on the various social media platforms popular amongst the younger investing public.

First Interim Dividend

In appreciation of the strong support of all our investors and especially our cornerstone investors during our recent listing on the Catalist Board of the SGX-ST on 27 March 2019, the Board is pleased to have declared and paid one-tier tax exempt first interim dividend of 0.16 Singapore cents per share for FY2020

("First Interim Dividend"), amounting to S\$800,000 representing approximately 12.1% of the Group's net profit after taxation for FY2019 as our way to thank all our investors for your continuing support.

For the avoidance of doubt, this First Interim Dividend will be in addition to the Directors' intention to further declare and distribute dividends of not less than 15% of the Group's Net Profit After Tax for FY2020, subject always to the Dividend Factors as previously defined in our IPO Offer Document.

A Special Thank You

On behalf of all my colleagues in Fortress Minerals Limited, I wish to extend my gratitude to our shareholders, business associates and customers for your continuous support, trust and belief in us. Last but not least, I would also like to express my sincere appreciation to all my fellow colleagues for their unrelentless effort in bringing our Group to greater heights.

Thank you.

Dato' Sri Ivan Chee

Executive Director and CEO
Fortress Minerals Limited



KEY FINANCIAL HIGHLIGHTS

REVENUE

US\$20.6M {FY2018: US\$NIL}

EBITDA⁽¹⁾

US\$8.2M {FY2018: US\$(0.3M)}

NET CASH FLOW FROM OPERATIONS

US\$6.3M {FY2018: US\$(0.5M)}

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$'000	FY2019	FY2018
	(MAR'18 – FEB'19)	(MAR'17 – FEB'18)
Revenue	20,629	–
Gross Profit	13,034	–
Net profit/(loss) for the financial year	4,894	(411)
Earnings/(loss) per share (US cents)	1.17	(0.10)

STATEMENTS OF FINANCIAL POSITION

US\$'000	AS AT 28 FEB 2019	AS AT 28 FEB 2018
Non current assets	18,742	14,310
Current assets	6,339	2,817
Non current liabilities	16,226	71
Current liabilities	2,506	15,513
Equity attributable to owners of the Company	6,349	1,543
NAV per share (US cents)	1.27	0.31

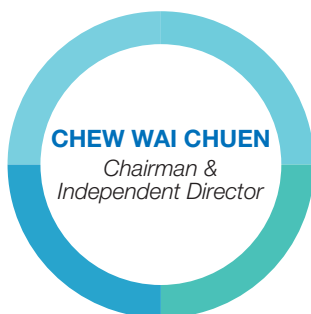
Note:

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

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 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 financial and 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 had 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 had 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 3 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.

Miss Willa Chee is presently a digital analyst 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 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 substantial shareholder of Selangor Dredging Berhad, a property development company listed on Bursa Malaysia and which is the holding company of SDB Mining, 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 Master in Shipping, Trade and Finance from the City University Business School in England.



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, a substantial shareholder of our Company.

In addition, he 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 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, 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 is our Independent Director, as well as the chairman of the Audit Committee. He was appointed to our Board on 19 February 2019.

Mr. Goh is presently a management consultant for the Hong Kong Regional Office of Oxford University Press, a department of the University of Oxford, United Kingdom. Prior to Oxford University Press, he held various senior managerial positions 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 Malaysian Institute of Accountants.



KEY MANAGEMENT PERSONNEL



CHUA HUAN KUN @ CHUA WUAN CHIN is our Financial Controller, and she joined our Group in May 2017.

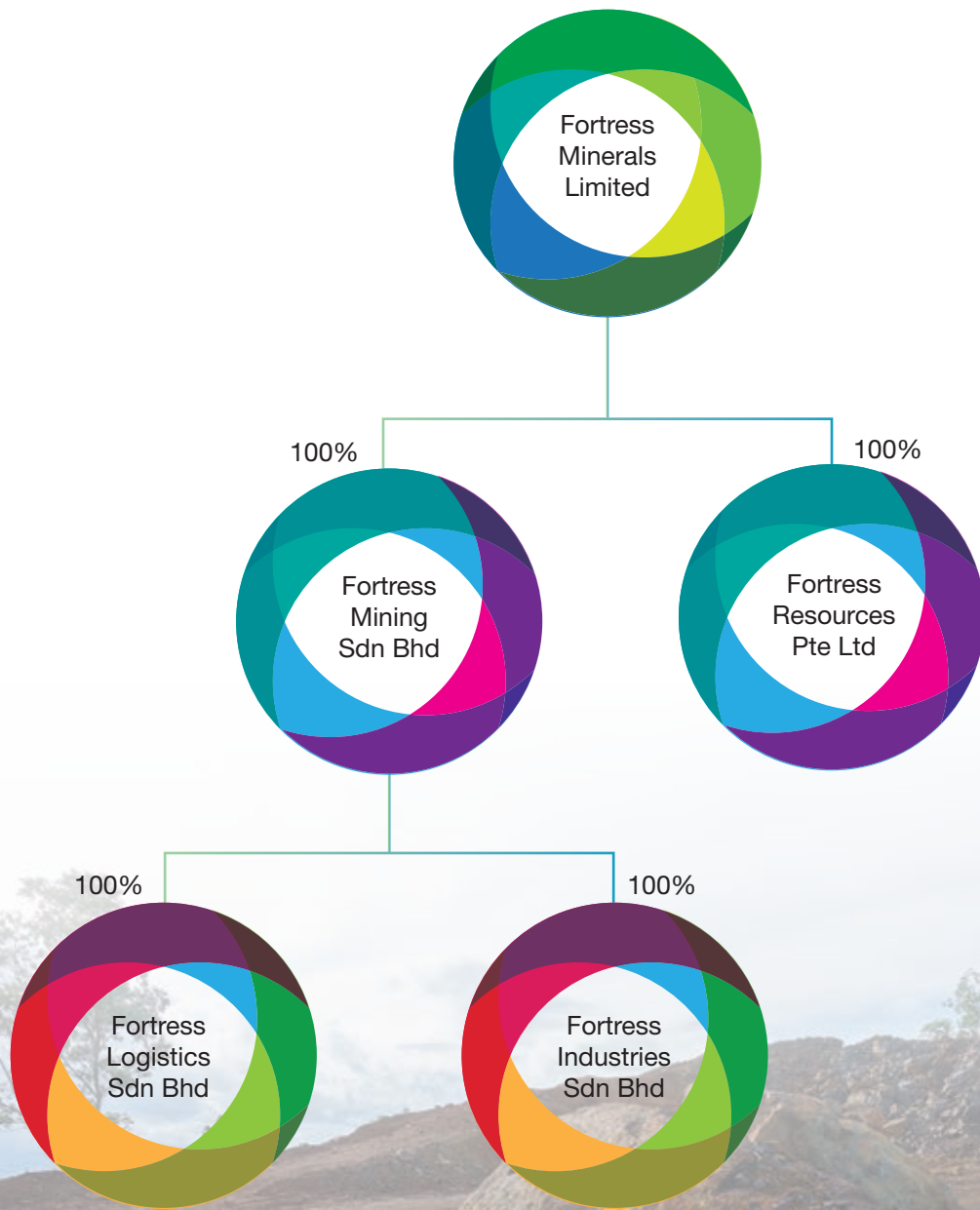
As our Financial Controller, Ms. Chua primarily manages all the finance and accounting operations of our Group, coordinates and directs the preparation of the budget and financial forecast and report, prepares and publishes timely monthly financial statements, and coordinates the preparation of regulatory reporting. Further, Ms. Chua is responsible for 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 certification from the Association of Chartered Certified Accountants, United Kingdom in Year 2000. She is currently a Chartered Accountant registered with the Malaysian Institute of Accountants.



Presented to
Fortress Minerals Limited
Listed 27 March 2019 on SGX Catalyst
Singapore Exchange

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	MYR1,000,000.00 comprising 1,000,000 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and dealings 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	MYR300,000.00 comprising 300,000 ordinary shares	100	Transport of iron ore and minerals; renting of transport equipments 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 of iron ore concentrate and other minerals. Trading in minerals.

Note:

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

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

Our subsidiaries are not listed on any stock exchange.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chew Wai Chuen

(Chairman and Independent Director)

Dato' Sri Ivan Chee

(Executive Director and CEO)

Ng Mun Fey

(Executive Director and COO)

Willa Chee Keng Fong

(Non-executive and Non-independent Director)

Teh Lip Kim

(Non-executive and Non-independent Director)

Loong Ching Hong

(Non-executive and Non-independent Director)

Anita Chew Cheng Im

(Independent 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

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Email : zh-zicocorporateservicesg@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 AUDITOR

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

CORPORATE GOVERNANCE REPORT

Fortress Minerals Limited (the “**Company**”) was listed on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 March 2019 (“**Listing Date**”).

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

The Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (“**Code 2018**”) in August 2018 which applies to Annual Reports covering the financial years commencing from 1 January 2019. As such, Code 2018 will only be effective for the Company from the financial year ending 29 February 2020. Nonetheless, since the Listing Date and as at the date of this Corporate Governance Report (“**Report**”), the Group has conformed to the Principles of 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**”) and the SGX-ST Listing Manual Section B: Rules of Catalist (“**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 was listed on 27 March 2019 and did not adopt any alternative corporate governance practices.

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 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, set 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 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>On Listing Date and 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

Provision	Code 2018 Description	Company's Compliance or Explanation
1.2	Induction, Training and Development	<p>Save for Dato' Sri Ivan Chee, all other Directors were newly appointed on 19 February 2019, just prior to the Listing Date. The Company provides a comprehensive orientation programme to familiarise the new Directors with the Company'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. All Directors were actively involved in the verification meetings during the initial public offering ("IPO") process, where they sought advice and guidance from external advisors as part of their induction programme.</p> <p>The Directors had also visited the Group's operational facilities and meet with the Management team to gain a better understanding of the Group's business operations.</p> <p>At the first AC and Board meetings of the Company held on Listing Date, the external auditors ("EA") had briefed the AC and the Board on changes and amendments to the accounting standards. The Directors also received briefings from the external advisors engaged by the Company on their roles and responsibilities as a director of a listed company and on the Catalist Rules, as well as Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, and restrictions on the disclosure of price sensitive information.</p> <p>None of the Directors have prior experience as directors in public listed companies in Singapore. Each of them undertake to complete the relevant training which are conducted by the Singapore Institute of Directors, as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules within a year from the Company's Listing Date.</p> <p>The Directors will be 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. 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>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
1.3	Matters reserved for the Board	<p>The Board has put in place internal guidelines for matters reserved for the Board's approval. Specifically, matters and transactions that require the Board's approval include, among others, the following:</p> <ul style="list-style-type: none"> • release of the quarterly and full year results announcements; • annual report and financial statements; • annual budgets and financial plans of the Company; • business, strategy and capital expenditure budgets; • convening of shareholders' meetings, circulars to shareholders and related announcements to be submitted to the SGX-ST; • overall corporate strategy and changes to the corporate structure; • acquisitions, investments and disposals of assets exceeding a certain threshold; • share issuances; • recommendation/declaration of dividends; • appointment of Directors and key executives, Company Secretary of the Company and terms of reference for the Board Committees; • review of Directors and key executives' performance and remuneration packages; • interested person transactions; • material regulatory matters or litigation; and • compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.
1.4/Rule 406(3)(e) of the Catalist Rules	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, they also play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections, of this Report.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation																				
		<p>The compositions of the Board Committees on Listing Date and 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</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Goh Kah Im</td> <td>Anita Chew</td> <td>Chew Wai Chuen</td> </tr> <tr> <td>Member</td> <td>Chew Wai Chuen</td> <td>Chew Wai Chuen</td> <td>Anita Chew</td> </tr> <tr> <td>Member</td> <td>Anita Chew</td> <td>Dato' Sri Ivan Chee</td> <td>Loong Ching Hong</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The AC comprised three (3) members, all of whom (including the Chairman) are independent.</p> <p>(2) The NC comprised three (3) members, the majority of whom (including the Chairman) are independent.</p> <p>(3) The RC comprised three (3) members, all non-executive and the majority of whom (including the Chairman) are independent</p>	Table 1.4 – Composition of the Board Committees					AC	NC	RC	Chairman	Goh Kah Im	Anita Chew	Chew Wai Chuen	Member	Chew Wai Chuen	Chew Wai Chuen	Anita Chew	Member	Anita Chew	Dato' Sri Ivan Chee	Loong Ching Hong
Table 1.4 – Composition of the Board Committees																						
	AC	NC	RC																			
Chairman	Goh Kah Im	Anita Chew	Chew Wai Chuen																			
Member	Chew Wai Chuen	Chew Wai Chuen	Anita Chew																			
Member	Anita Chew	Dato' Sri Ivan Chee	Loong Ching Hong																			
1.5	Board and Board Committees meeting	<p>The Board will meet at least quarterly, and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss the performance of the Group, to approve the quarterly and full year results announcements as well as to oversee the business affairs of the Group. The calendar of all the Board and Board Committees meetings are scheduled in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are convened as may be necessary to address any specific significant matters that may arise. The Constitution of the Company and terms of reference for each individual Board Committee allow the Directors to participate in Board and Board Committees meetings to be held by means of telephonic, video conferencing or other communication facilities to communicate with each other simultaneously and instantaneously. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.</p> <p>The Company was listed on 27 March 2019, after its financial year ended 28 February 2019 (“FY2019”). There were no Board and Board Committees meetings held in FY2019.</p> <p>The first AC and Board meetings of the Company were held on 27 March 2019, immediately after it was listed, to discuss among other things, the post listing matters, the review of the external auditors' audit plan and the corporate calendar for FY2019/FY2020.</p> <p>Subsequently, the Company held its Board meeting on 29 April 2019 to discuss, among others, the financial performance of the Group and the unaudited financial results announcement of the Group for FY2019, appointment of internal auditors, adoption of the terms of reference of the Board Committees and presentation of budget and business updates. All the Directors attended these two Board meetings. The Board Committee meetings were also held on 29 April 2019 of which full attendance by all the relevant members were recorded.</p>																				
	Multiple board representation	Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.																				

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
1.6	Board information	The Management provides the Board with key information that is complete, adequate and in advance prior to meetings and on an on-going basis 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, external audit 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.
1.7	Board's access	<p>The Board has separate and independent access to the Senior Management team, external advisers (where necessary) at the company's expense 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>
Board Composition and Guidance Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company		
2.1 Rule 1204(10B) of the Catalyst Rules 406(3)(d)	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 and Non-Independent Directors. Independent Directors and Non-Executive and Non-Independent Directors make up majority of the Board.</p> <p>Mr Chew Wai Chuen – Chairman and Independent Director Dato' Sri Ivan Chee Yew Fei – Executive Director and CEO Mr Ng Mun Fey – Executive Director and COO Mr Goh Kah Im – Independent Director Ms Anita Chew Cheng Im – Independent Director Ms Teh Lip Kim – Non- Executive Director Mr Loong Chin Hong – Non-Executive Director Ms Willa Chee Keng Fong – Non-Executive Director</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<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> <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/her 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 2018 Description	Company's Compliance or Explanation
2.4	Board size and diversity	<p>The size and composition of the Board and Board Committees are reviewed at least annually to ensure that the Board and the Board Committees have 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 and Board Committees 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 26 to 53 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 and Board Committees. 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 will take 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 the academic and professional qualifications, shareholdings interests in the Group, Board Committees served on, first appointment date, directorships or chairmanship both present and those held over the past three (3) years in listed companies and their principal commitments are set out in pages 46 to 53.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
2.5	Regular meetings for Independent and Non-Executive Directors	Where appropriate, the Independent and Non-Executive Directors meets 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. 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.
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>		
3.1 3.2 3.3	The Chairman and CEO separate persons	<p>The Chairman and the CEO are separate persons. With effect from 19 February 2019, Mr Chew Wai Chuen is the Chairman of the Board and Dato Sri Ivan Chee is the CEO. As such, in line with Code 2018, a lead independent director need not be appointed.</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 2018 Description	Company's Compliance or Explanation
		<p>The CEO is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.</p> <p>The Board is of the view that there is a clear division of responsibilities between the Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.</p>
Board Membership <i>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</i>		
4.1	Nominating Committee role	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) to review the structure, size and composition of the Board and the Board committees; (b) to review the succession plans for the Chairman of the Board, the CEO, COO and key management personnel of the Company; (c) to propose and implement objective performance criteria to be used in the assessment of the performance of the Board, the Board committees and each individual Director; (d) to review the training and professional development programmes for the Board and its directors; (e) to make recommendations to the Board on the appointment and re-appointment of all Directors (including alternate directors, if applicable) including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board; (f) to review and assess the independence of each Director; and (g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and/or a conflict of interest.
4.2	Nominating Committee composition	<p>The Board has established the NC that comprises two (2) Independent Directors and one (1) Executive Director who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees. The Chairman of the NC is Ms Anita Chew, who is an Independent Director.</p> <p>The composition of the NC is as follows:</p> <p>Ms Anita Chew – Chairman Mr Chew Wai Chuen – Member Dato' Sri Ivan Chee – Member</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 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>With effect from 1 January 2019, 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>On the nomination of re-election of retiring Directors, the NC would assess the performance and contribution of the Director and subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</p> <p>Accordingly, the NC has recommended to the Board that Mr Chew Wai Chuen, Dato' Sri Ivan Chee Yew Fei, Mr Ng Mun Fey, Ms Willa Chee, Mr Loong Ching Hong, Ms Teh Lip Kim, Ms Anita Chew, and Mr Goh Kah Im ("Retiring Directors") be nominated for re-election at the forthcoming AGM. Pursuant to Regulation 97, all eight (8) 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 be 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 are disclosed in pages 46 to 53 of this Annual Report.</p> <p>The Board, with the concurrence of the NC, has also considered Mr Chew Wai Chuen, Ms Anita Chew and Mr Goh Kah Im to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<p>Mr Chew Wai Chuen will, upon re-election as a Director, will remain as the Chairman of the Company, Chairman of the RC and a member of the AC and NC.</p> <p>Mr Goh Kah Im will, upon re-election as a Director, will remain as an Independent Director and Chairman of the AC.</p> <p>Ms Anita Chew will, upon re-election as a Director, will remain as an Independent Director, Chairman of the NC and a member of the AC and RC.</p> <p>Dato' Sri Ivan Chee will, upon re-election as a Director, will remain as an Executive Director and CEO and a member of the NC.</p> <p>Mr Ng Mun Fey will, upon re-election as a Director, will remain as an Executive Director and COO of the Company.</p> <p>Mr Loong Ching Hong will, upon re-election as a Director, will remain as a Non-Executive and Non Independent Director and a member of the RC.</p> <p>Ms Teh Lip Kim will, upon re-election as a Director, will remain as Non-Executive and Non-Independent Director.</p> <p>Ms Willa Chee Keng Fong will, upon re-election as a Director, will remain as Non-Executive and Non-Independent Director.</p> <p>Mr Chew Wai Chuen, Ms Anita Chew and Dato' Sri Ivan Chee, being members of the NC, have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his/her own contributions and/or re-election as a Director.</p>
4.5	<p>Multiple Directorships</p>	<p>The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. The NC requires each Director to declare any new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance and contributions of the Directors to the Company. The Board has not imposed any limit as it is of the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors. The NC also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The NC and the Board is satisfied that the other directorships and principal commitments of the Directors had not hindered them from carrying out their duties as Directors of the Company and each of them is able to and has adequately carried out his/her duties as a Director of the Company since their appointments.</p>
	<p>Alternate Directors</p>	<p>The Company does not have any alternate Directors.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
Board Performance Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors		
5.1	Performance criteria and process for evaluation of the effectiveness of the Board	As recommended by Provision 5.1 of Code 2018, the NC will implement 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>As the Company was listed on SGX-ST on 27 March 2019, it is currently in the process of developing the aforesaid board assessment questionnaire and the Board will implement a formal annual process for assessing the effectiveness of the Board as a whole, each of the Board Committees and each individual Director to the effectiveness of the Board, for the financial year ending 29 February 2020 ("FY2020"). The questionnaire, when ready, will be completed individually by each Director.</p> <p>The Directors will complete the board assessment questionnaire and the results will be collated by the Company Secretary 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 will focus 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 would then make recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board will act 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>
REMUNERATION MATTERS Procedures for developing remuneration policies Principle 6: There should be a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration		
6.1	Remuneration Committee role	<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> <p>(a) reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel;</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(c) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.</p> <p>(d) implement and administer any share incentive scheme(s) adopted by the Company in accordance with the rules of such scheme.</p> <p>(e) review and approve the granting of share options and/or performance shares to Directors and employees.</p>
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>
6.3	Termination clauses	<p>The RC reviews and considers all aspects of remuneration including termination terms. Termination clauses are included in the service agreements for Key Management Personnel. The RC has reviewed and recommended to the Board and the Board concurred that the remuneration and termination clauses are fair and reasonable, and are not overly generous. There was no termination of any Key Management Personnel during FY2019.</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 FY2019 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>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
<p>Level and Mix of Remuneration Principle 7: <i>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 and aligned with the interests of the shareholders and other stakeholders.</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 the Service Agreement. Key Management Personnel are entitled to a non contractual variable performance bonus.</p> <p>Saved 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>
	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 extraordinary general meeting 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>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
7.2	Non-Executive Director remuneration	The RC has adopted a framework which consists of a base fee to remunerate Independent Directors and Non-Executive and 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 are reviewed annually by the RC and tabled at the AGM for shareholders' approval. The Independent Directors have not been overcompensated to the extent that their independence is compromised.
	Contractual provisions to reclaim incentives	The Company does not have and is of the view that there is presently no urgent need to initiate any contractual provisions in the terms of employment that allow for the reclaiming of incentive components from the Executive Directors and Key Management Personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors and Key Management Personnel owe fiduciary duties to the Company. Furthermore, the Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Directors and Key Management Personnel.
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 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 during FY2019.</p> <p>The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.</p>

CORPORATE GOVERNANCE REPORT

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		<p>Dato' Sri Ivan Chee, the Executive Director and CEO of the Company has a service agreement with the Company for an initial period of three (3) years dated 28 February 2019. However, the effective date is from 01 April 2019 as the Company was listed on SGX-ST on 27 March 2019. Mr. Ng Mun Fey, the Executive Director and COO of the Company has signed a letter of appointment with the Company for an initial period of three (3) years with effect from 28 February 2019. For further information on the remuneration both Dato' Sri Ivan Chee and Mr. Ng Mun Fey, please refer to the section entitled "Service Agreement and Appointment Letter" in the Company's Offer Document dated 19 March 2019 in connection with the Listing ("Offer Document").</p> <p>Aggregate Directors' fees for the Independent Directors and Non-Executive and Non Independent Directors of (i) S\$6,493.15* for FY2019; and (ii) S\$237,000 for FY2020 (payable quarterly in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM. The Executive Directors do not receive Directors' fees.</p> <p>* Pro-rated amount from 19 February 2019 to 28 February 2019</p>																																																																		
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 FY2019# 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 (%)</th> <th>Directors Fees (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Remuneration Band below S\$250,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dato' Sri Ivan Chee⁽¹⁾</td> <td>96</td> <td>–</td> <td>–</td> <td>4</td> <td>100</td> </tr> <tr> <td>Ng Mun Fey⁽²⁾</td> <td>97</td> <td>–</td> <td>–</td> <td>3</td> <td>100</td> </tr> <tr> <td>Chew Wai Chuen⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Goh Kah Im⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Anita Chew⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Teh Lip Kim⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Loong Ching Hong⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Willa Chee⁽²⁾</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p># Pro-rated amount from 19 February 2019 to 28 February 2019</p> <p>(1) Appointed on 13 November 2017. The remuneration in his Service Agreement dated 28 February 2019 only with effect from 1 April 2019 after the Listing. Please refer to the section entitled "Directors, Management and Employees – Service Agreement and Appointment Letter" of the Offer Document dated 19 March 2019 for further details</p> <p>(2) Appointed on 19 February 2019</p>	Table 8.1 (a) – Remuneration of Directors						Name	Base/Fixed Salary and statutory contributions (%)	Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)	Remuneration Band below S\$250,000						Dato' Sri Ivan Chee ⁽¹⁾	96	–	–	4	100	Ng Mun Fey ⁽²⁾	97	–	–	3	100	Chew Wai Chuen ⁽²⁾	–	–	100	–	100	Goh Kah Im ⁽²⁾	–	–	100	–	100	Anita Chew ⁽²⁾	–	–	100	–	100	Teh Lip Kim ⁽²⁾	–	–	100	–	100	Loong Ching Hong ⁽²⁾	–	–	100	–	100	Willa Chee ⁽²⁾	–	–	100	–	100
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CORPORATE GOVERNANCE REPORT

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		<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 FY2019.</p>																				
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 ie. the Financial Controller. The disclosure for the remuneration of the Company's key management personnel (who are not Directors or the Managing Director) for FY2019 prior to Listing Date, 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⁽¹⁾</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\$250,000</td> </tr> <tr> <td>Chua Huan Kun @ Chua Wuan Chin</td> <td>83</td> <td>17</td> <td>–</td> <td>100</td> </tr> </tbody> </table> <p><i>Note:</i> (1) Salary is inclusive of fixed allowance and pension fund contribution</p> <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) Key Management Personnel, the aggregate total remuneration paid to the Key Management Personnel for FY2019 will not be disclosed.</p> <p>There were no termination and retirement and post-employment benefits granted to Directors and Key Management Personnel during FY2019.</p>	Table 8.1 (b) – Remuneration of Key Management Personnel					Name	Base/Fixed Salary and Statutory Contributions⁽¹⁾	Variable or Performance Related Income/Bonuses (%)	Benefits in-Kind (%)	Total (%)	Remuneration Band below S\$250,000					Chua Huan Kun @ Chua Wuan Chin	83	17	–	100
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CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
9.2(a) 9.2(b)	CEO and FC assurance	<p>For FY2019, 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 the FC that (a) the financial records have been properly maintained and the financial statements for FY2019 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 the 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 FY2019.</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 meets to, 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 at least annually;</p> <p>(c) to review the assurance from the CEO and the FC on financial records and financial statements;</p> <p>(d) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;</p> <p>(e) to make recommendations to the Board of Directors regarding the appointment, removal, remuneration and terms of engagement of the external auditors;</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<p>(f) to establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company;</p> <p>(g) to monitor the Company's compliance with legal, regulatory and company policies;</p> <p>(h) 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; and</p> <p>(i) 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, Non-Executive 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 members, Mr Chew Wai Chuen and Ms Anita Chew have relevant accounting and related financial management background and experience.</p> <p>The AC will assess 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 FY2019 is US\$55,345 (34.4%). There was non-audit services rendered and non-audit fees of US\$105,615 (65.6%) was paid to the external auditors for being the reporting accountant for the Listing.</p> <p>The AC has reviewed the non-audit services provided by the external auditors for FY2019 and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of BDO as the external auditors of the Company at the forthcoming AGM.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
10.4 Rule 1204(10C)	Internal Audit function	<p>The Group has engaged Baker Tilly as the internal auditors who will report 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. Baker Tilly has unfettered access to all documents, records, properties and personnel, including access to the AC.</p> <p>For FY2019, 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 are of the view that the internal audit function is independent, effective and 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.</p>
10.5	Independent Session with the External Auditors (EA) & Internal Auditors (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 FY2019, 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.
10.1(f)	Whistleblowing	<p>The AC has reviewed the Whistleblowing Policy that the Group has established. The 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>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
	Summary of Audit and Risk Management Committee activities	<p>After the Company's listing, 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.</p> <p>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>
11.2	Resolutions:	<p>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, 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.</p>
11.3	Attendance at general meetings	<p>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.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
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	<p>Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. The Company does not deem it necessary for the minutes to be published on its website because shareholders who are interested to receive a copy of these minutes can easily make a request and such minutes will be made available to interested shareholders as soon as practicable upon receipt of their requests.</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 10% of the Group's net profit after tax ("NPAT") for FY2019 subject to, the Dividend Factors. However, as our Restructuring Exercise was not completed as at 28 February 2019, the Company (as an investment holding entity) was not profitable for FY2019.</p>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<p>Subsequent thereto and with the successful completion of the Restructuring Exercise during the first quarter of FY2020, the Directors are pleased to have declared and paid a one-tier tax exempt first interim dividend of 0.16 Singapore cents per share for FY2020 ("First Interim Dividend"), amounting to S\$800,000 representing approximately 12.1% of the Group's NPAT for FY2019.</p> <p>For the avoidance of doubt, this First Interim Dividend will be in addition to the Directors' intention to further declare and distribute dividends of not less than 15% of the Group's NPAT for FY2020 as previously set out in page 68 of the Offer Document, subject always to the Dividend Factors.</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>
<p>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</p>		
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>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>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>

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
	Conduct of Shareholder meeting	At general meetings, shareholders are given opportunities to voice their views and direct their questions to the Directors or the Management regarding the Company. The Chairman of the Board, members of the AC, NC and RC are present and available to address questions at general meetings. The External Auditors are also present.
12.2	Investor Relations Policy	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 FC who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and the investors.
12.3	Investor engagement	The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions.
MANAGING STAKEHOLDERS RELATIONSHIPS Engagement with Stakeholders Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served		
13.1, 13.2 and 13.3	-	The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company maintains its Company's website to communicate and engage with the stakeholders. In addition, the Group will be issuing its first sustainability report for financial year ending 28 February 2021 in 2022, 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.

CORPORATE GOVERNANCE REPORT

Provision	Code 2018 Description	Company's Compliance or Explanation
		<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 and extraordinary general meetings are also advertised in the newspapers.</p> <p>Apart from the SGXNET announcements and its annual report, the Company will also conduct media interviews as and when appropriate to give shareholders and the public deeper insights of the Group's business and strategies when opportunities present themselves. Further, the Company may, if it considers necessary and appropriate, release press releases or organise media/analyst briefings to keep shareholders informed of its corporate development.</p> <p>The Company's Executive Directors and FC are responsible for the Company's communication with shareholders, with the assistance of Sino-Lion Communications Pte Ltd.</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 FY2019 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 FY2019 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.

CORPORATE GOVERNANCE REPORT

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. Other than the interested person transactions as disclosed on pages from 212 to 224 of the Offer Document dated 19 March 2019, there were no interested person transactions of S\$100,000 and above during FY2019.</p> <p>The Group maintains a register to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the Company’s FC and subject to such verifications or declarations as required by the AC for such period as determined by them.</p> <p>The AC shall review all IPTs at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures and to ensure that the prevailing rules and regulations in particular, Chapter 9 of the Catalist Rules are complied with.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal compliance code of conduct to guide and advise Directors and all executives of the Company with regard to dealings in the Company’s securities in compliance with Rule 1204(19) of the Catalist Rules. The Company, Directors and executives shall not deal in the Company’s shares on short- term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to release of the full-year financial results announcement and 2 weeks prior to its interim financial results announcements and ending on the date of the announcement of the results. Directors and senior management are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods while in possession 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>

CORPORATE GOVERNANCE REPORT

1204(5)(f) 1204(22)	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, none of the IPO net proceeds have been utilised. Pending the deployment of the IPO net proceeds, the funds are currently placed in interest bearing deposits with licenced banks in Singapore.</p> <p>The Company will make periodic announcements on the utilisation of the net 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	<p>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>
1204(21)	Non-sponsor fees	<p>Non-sponsor fees of S\$230,000 were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2019.</p>

KEY INFORMATION

Key information regarding the Directors are set out below

Name of Director	Mr Chew Wai Chuen	Dato' Sri Ivan Chee Yew Fei	Mr Ng Mun Fey	Ms Willa Chee Keng Fong	Ms Teh Lip Kim	Mr Loong Ching Hong	Ms Anita Chew Cheng Im	Mr Goh Kah Im
Date of Initial Appointment	19 February 2019	13 November 2017	19 February 2019	19 February 2019	19 February 2019	19 February 2019	19 February 2019	19 February 2019
Date of last re-appointment (if applicable)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Age	43	53	39	26	51	52	51	53
Country of principal residence	Singapore	Malaysia	Malaysia	Malaysia	Malaysia	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr 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, past experience, past contribution since he was appointed as a Director of the Company.	The re-election of Dato' Sri Ivan Chee Yew Fei as the Executive Director and Chief Executive Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato' Sri Ivan Chee Yew Fei's qualifications, past experience, past 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, past experience, past contribution since he was appointed as a Director of the Company.	The re-election of Ms Willa Chee Keng Fong as the Non-Executive 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, past experience, past contribution since she was appointed as a Director of the Company.	The re-election of Ms Teh Lip Kim as the Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Teh Lip Kim's qualifications, past experience, past contribution since she was appointed as a Director of the Company.	The re-election of Mr Loong Ching Hong as the Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Loong Ching Hong's qualifications, past experience, past contribution since he was appointed as a Director of the Company.	The re-election of Ms Anita Chew Cheng Im as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Anita Chew Cheng Im's qualifications, past experience, past contribution since she was appointed as a Director of the Company.	The re-election of Mr Goh Kah Im as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Goh Kah Im's qualifications, past experience, past contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	Executive. Dato' Sri Ivan Chee Yew Fei is responsible for overall management and operations of the Group, including formulating, implementing and monitoring the Group's strategic directions, growth plans financial and risk management.	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	No	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.	Executive Director, Chief Executive Officer, and a member of the Nominating Committee.	Executive Director and Chief Operating Officer	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Independent Director of the Nominating Committee and a member of the Audit and Remuneration Committees.	Independent Director and Chairman of the Audit Committee

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Dato' Sri Ivan Chee Yew Fei	Mr Ng Mun Fey	Ms Willa Chee Keng Fong	Ms Teh Lip Kim	Mr Loong Ching Hong	Ms Anita Chew Cheng Im	Mr Goh Kah Im
<p>Other Principal Commitments* Including Directorships#</p> <p>*"Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 7.04(8)</p>								
Past (for the last 5 years)	<ol style="list-style-type: none"> HCY International Private Limited Parkway Minerals NL 	<ol style="list-style-type: none"> Extensive Resources Sdn. Bhd. Guche Minerals Sdn. Bhd. Layar Tenang Mining Sdn. Bhd. NIC Global Pte. Ltd. Olympia Mining Sdn. Bhd. Prestige Profit Sdn. Bhd. Solid Degree Sdn. Bhd. South China Minerals Pte. Ltd. TN Resources Sdn. Bhd. Webcon Mining (Solomon) Limited Webcon Telecommunications Sdn. Bhd. 	<ol style="list-style-type: none"> Segala Mewah Minerals Sdn. Bhd. Webcon Mining (Solomon) Limited 	Nil	<ol style="list-style-type: none"> Kemayan Hotels Sdn. Bhd. Loong & Yeo Properties Sdn. Bhd. Pymont Holdings Sdn. Bhd. JM Mining Sdn. Bhd. 	<ol style="list-style-type: none"> Kemayan Hotels Sdn. Bhd. Loong & Yeo Properties Sdn. Bhd. Pymont Holdings Sdn. Bhd. JM Mining Sdn. Bhd. 	<ol style="list-style-type: none"> Ni Hsin Resources Berhad Nirvana Asia Ltd Wintoni Group Berhad 	<ol style="list-style-type: none"> Oxford Fajar Sdn. Bhd. Oxford University Press (Singapore) Pte. Ltd.
Present	<ol style="list-style-type: none"> Tungsten Mining NL Precious Capital Pte. Ltd. 	<ol style="list-style-type: none"> Fortress Industries Sdn. Bhd. Fortress Logistics Sdn. Bhd. Fortress Mining Sdn. Bhd. Fortress Resources Pte. Ltd. Alam Lebar Sdn. Bhd. Amazing Harvard Sdn. Bhd. Bukit Selesa Development Sdn. Bhd. Crest Farm Sdn. Bhd. Crystal Timber And Trading Sdn. Bhd. Dynamic Output Sdn. Bhd. Extra Diligent Sdn. Bhd. FE Mining Sdn. Bhd. Gere International Sdn. Bhd. Gere International Pte. Ltd. 	<ol style="list-style-type: none"> Contour Vista Development Sdn. Bhd. Gere International Sdn. Bhd. Gere International Pte. Ltd. 	Nil	<ol style="list-style-type: none"> Fortress Mining Sdn. Bhd. 102 Carrington Limited Champsworth Development Pte. Ltd. Chedstone Investment Holdings Pte. Ltd. Crescent Consortium Sdn. Bhd. Extra Diligent Sdn. Bhd. Hayat Abadi Sdn. Bhd. Presijj Permai Sdn. Bhd. Robotic ODM Investment Pte. Ltd. SDB Ampang Sdn. Bhd. SDB Asia Pte. Ltd. SDB Damansara Sdn. Bhd. 	<ol style="list-style-type: none"> Fortress Industries Sdn. Bhd. Fortress Logistics Sdn. Bhd. Fortress Mining Sdn. Bhd. Champsworth Development Pte. Ltd. Chedstone Investment Holdings Pte. Ltd. Crescent Consortium Sdn. Bhd. Extra Diligent Sdn. Bhd. Hayat Abadi Sdn. Bhd. Norwest Minerals Limited Presijj Permai Sdn. Bhd. SDB Ampang Sdn. Bhd. 	<ol style="list-style-type: none"> K-One Technology Berhad M K Land Holdings Berhad Notion Vtec Berhad Yi-Lai Berhad 	<ol style="list-style-type: none"> GK Brothers Sdn. Bhd.

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Dato' Sri Ivan Chee Yew Fei	Mr Ng Mun Fey	Ms Willa Chee Keng Fong	Ms Teh Lip Kim	Mr Loong Ching Hong	Ms Anita Chew Cheng Im	Mr Goh Kah Im
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No	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	No	No	No	No	No

KEY INFORMATION

Name of Director	Mr Chew Wai Chuen	Dato' Sri Ivan Chee Yew Fei	Mr Ng Mun Fey	Ms Willa Chee Keng Fong	Ms Teh Lip Kim	Mr Loong Ching Hong	Ms Anita Chew Cheng Im	Mr Goh Kah Im
(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?								
(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	No	No	No	No	No
(l) Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	No The Company will arrange for Mr Chew Wai Chuen to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Dato' Sri Ivan Chee Yew Fei to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Mr Ng Mun Fey to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Ms Willa Chee Keng Fong to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Ms Teh Lip Kim to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Mr Loong Ching Hong to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Ms Anita Chew Cheng Im to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.	No The Company will arrange for Mr Goh Kah Im to attend relevant briefing and training in relation to the roles and responsibilities of a director of a Singapore Public Listed Company conducted by the Singapore Institute of Directors.

DIRECTORS' STATEMENT

The Directors of Fortress Minerals Limited (formerly known as Fortress Minerals Pte. Ltd.) (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 28 February 2019 and the statement of financial position of the Company as at 28 February 2019.

1. Opinion of the Directors

In the opinion of the 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 28 February 2019, 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 is as follows:

Chew Wai Chuen	(Appointed on 19 February 2019)
Chee Yew Fei	
Ng Mun Fey	(Appointed on 19 February 2019)
Willa Chee Keng Fong	(Appointed on 19 February 2019)
Teh Lip Kim	(Appointed on 19 February 2019)
Loong Ching Hong	(Appointed on 19 February 2019)
Anita Chew Cheng Im	(Appointed on 19 February 2019)
Goh Kah Im	(Appointed on 19 February 2019)

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 March 2018 or later date of appointment	Balance at 28 February 2019	Balance at 1 March 2018 or later date of appointment	Balance at 28 February 2019
Company				
Ordinary shares				
Chee Yew Fei	1	530	–	120
Teh Lip Kim	–	–	–	350

By virtue of Section 7 of the Act, Chee Yew Fei is deemed to have interests in the shares of all subsidiary corporations of the Company at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), according to the register of directors' shareholdings, the directors' interest as at 21 March 2019 in the shares of the Company are as follow:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 28 February 2019	Balance at 21 March 2019	Balance at 28 February 2019	Balance at 21 March 2019
Company				
Ordinary shares				
Chee Yew Fei	530	530	120	251,249,470
Ng Mun Fey	–	–	–	35,593,750
Teh Lip Kim	–	–	350	162,265,625
Loong Ching Hong	–	–	–	5,234,375

5. Share options

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

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

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

DIRECTORS' STATEMENT

5. 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 an Ordinary General Meeting of the Company held on 20 February 2019. The Fortress ESOS Scheme will be adopted with effect from the date of listing. No options have been granted pursuant to the Fortress ESOS as at the date of this report.

6. Audit committee

The Audit Committee of the Company is chaired by Mr. Goh Kah Im, Independent Director, and includes Ms. Anita Chew Cheng Im, Independent Director and Mr. Chew Wai Chuen, Chairman and Independent Director. The Audit Committee 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 auditors of the Company:

- (i) reviewing with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and management's response;
- (ii) reviewing the quarterly and annual financial statements and results announcements (including casting an oversight on the profit guarantee and the related payments to the Company) 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 accounting, financial controls and procedures and ensure coordination between the Group's internal and external auditors, and management; reviewing the assistance given by the management to the auditors and discuss concerns and problems, if any, arising from the audit, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (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

6. 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 auditors have unrestricted access to the Audit Committee.

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

7. Independent auditors

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

On behalf of the Board of Directors,

Chee Yew Fei
Director

Ng Mun Fey
Director

Singapore
31 May 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED
(FORMERLY KNOWN AS FORTRESS MINERALS PTE. LTD.)

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Fortress Minerals Limited (formerly known as Fortress Minerals Pte. Ltd.) (the "Company") and its subsidiaries (the "Group"), as set out on pages 62 to 105 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2019 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 *Auditor's 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 AUDITOR'S REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED
(FORMERLY KNOWN AS FORTRESS MINERALS PTE. LTD.)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>1 Impairment assessment of mining assets</p> <p>As at 28 February 2019, the carrying amount of the Group's plant and equipment and mining properties were US\$11.4 million and US\$7.0 million, respectively, which comprised 45.3% and 27.8% of the Group's total assets. These mining 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>Management has determined that there are no indications of impairment on the plant and equipment and mining properties, taking into consideration the remaining estimated mining reserves, production costs and iron ore prices.</p> <p>We focused on the impairment assessment of the mining assets as a key audit matter because the mining assets contributes significantly to the Group's financial statements.</p> <hr/> <p>Refer to Note 2.3, 2.5, 3.1, 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 objectivity and capabilities of the specialist; and • Performed physical sighting of the plant and equipment and mining properties on a sample basis.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED
(FORMERLY KNOWN AS FORTRESS MINERALS PTE. LTD.)

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTRESS MINERALS LIMITED
(FORMERLY KNOWN AS FORTRESS MINERALS PTE. LTD.)

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 auditor's report is Leong Hon Mun Peter.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
31 May 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2019

	Note	Group			Company		
		28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
ASSETS							
Non-current assets							
Investment in a subsidiary	4	-	-	-	1	-	-
Exploration and evaluation assets	5	403,005	-	405,379	-	-	-
Mining properties	6	6,973,060	7,009,136	-	-	-	-
Plant and equipment	7	11,365,523	7,301,357	2,053,998	-	-	-
		18,741,588	14,310,493	2,459,377	1	-	-
Current assets							
Inventories	8	438,908	222,901	-	-	-	-
Trade receivables	9	2,097,620	51,844	-	-	-	-
Other receivables, deposits and prepayments	10	1,672,938	2,359,180	1,348,998	-	-	-
Current income tax recoverable		-	142,446	-	-	-	-
Cash and bank balances	11	2,129,428	40,956	45,791	6,388	1	-
		6,338,894	2,817,327	1,394,789	6,388	1	-
Total assets		25,080,482	17,127,820	3,854,166	6,389	1	-
EQUITY AND LIABILITIES							
Equity							
Share capital	12	268,407	267,675	267,673	734	1	-
Other reserves	13	517,879	607,168	384,757	-	-	-
Retained earnings/ (Accumulated losses)		5,562,386	668,262	1,079,655	(1,073,155)	(227,184)	-
Total equity		6,348,672	1,543,105	1,732,085	(1,072,421)	(227,183)	-
Non-current liabilities							
Finance lease payables	14	-	16,585	19,508	-	-	-
Deferred tax liabilities	15	504,898	54,703	8,105	-	-	-
Amount due to shareholders	19	15,721,339	-	-	-	-	-
Amount due to ultimate holding company	16	-	-	1,350,214	-	-	-
		16,226,237	71,288	1,377,827	-	-	-
Current liabilities							
Trade payables		256,797	-	-	-	-	-
Other payables and accruals	17	1,960,382	786,445	609,191	359,567	1,509	-
Amount due to a related party	18	-	660,634	-	719,243	225,675	-
Amount due to shareholders	19	-	14,060,255	-	-	-	-
Current tax liabilities		288,394	-	130,074	-	-	-
Finance lease payables	14	-	6,093	4,989	-	-	-
		2,505,573	15,513,427	744,254	1,078,810	227,184	-
Total liabilities		18,731,810	15,584,715	2,122,081	1,078,810	227,184	-
Total equity and liabilities		25,080,482	17,127,820	3,854,166	6,389	1	-

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	Note	2019 US\$	2018 US\$
Revenue	20	20,629,121	–
Cost of sales		<u>(7,594,779)</u>	–
Gross profit		13,034,342	–
Other operating income	21	2,001,721	958,575
Selling and distribution expenses		<u>(5,356,724)</u>	–
Other operating expenses		<u>(1,570,230)</u>	(535,065)
Administrative expenses		<u>(1,293,192)</u>	(398,869)
Finance costs	23	<u>(7,157)</u>	(381,850)
Profit/(Loss) before income tax	24	6,808,760	(357,209)
Income tax expense	25	<u>(1,914,636)</u>	<u>(54,184)</u>
Profit/(Loss) for the financial year attributable to owners of the Company		4,894,124	(411,393)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation		<u>(89,289)</u>	222,411
Income tax relating to items that may be subsequently reclassified		<u>–</u>	–
Other comprehensive income for the financial year, net of tax		<u>(89,289)</u>	<u>222,411</u>
Total comprehensive income for the financial year attributable to owners of the Company		<u>4,804,835</u>	<u>(188,982)</u>
Earnings/(Loss) per share (cents)			
– Basic and diluted	26	<u>1.17</u>	<u>(0.10)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	Note	Share capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Retained earnings US\$	Total equity 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
<u>Other comprehensive income</u>						
Exchange difference on translating foreign operation		-	-	(89,289)	-	(89,289)
Other comprehensive income for the financial year, net of tax		-	-	(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	12	733	-	-	-	733
Restructuring exercise	1.2	(1)	-	-	-	(1)
Total transactions with owners		732	-	-	-	732
Balance at 28 February 2019		<u>268,407</u>	<u>383,615</u>	<u>134,264</u>	<u>5,562,386</u>	<u>6,348,672</u>
Balance at 1 March 2017		267,673	383,615	1,142	1,079,655	1,732,085
Loss for the financial year		-	-	-	(411,393)	(411,393)
<u>Other comprehensive income</u>						
Exchange difference on translating foreign operation		-	-	222,411	-	222,411
Other comprehensive income for the financial year, net of tax		-	-	222,411	-	222,411
Total comprehensive income for the financial year		-	-	222,411	(411,393)	(188,982)
Contributions by owners						
Issue of shares	12	2	-	-	-	2
Total transactions with owners		2	-	-	-	2
Balance at 28 February 2018		<u>267,675</u>	<u>383,615</u>	<u>223,553</u>	<u>668,262</u>	<u>1,543,105</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	2019 US\$	2018 US\$
Operating activities		
Profit/(Loss) before income tax	6,808,760	(357,209)
Adjustments for:		
Depreciation of plant and equipment	6,682	10,263
Amortisation of mining properties	325,946	–
Interest expense	7,157	381,850
Interest income	(214)	(192)
Unrealised foreign exchange (gain)/loss	(32,850)	16,791
Loss/(Gain) on disposal of plant and equipment	1,390	(633)
Operating cashflows before working capital changes	7,116,871	50,870
Working capital changes:		
Inventories	833,454	(207,043)
Trade and other receivables	(1,453,073)	(720,514)
Trade and other payables	1,468,000	87,636
Amount owing to a related party	(637,027)	613,634
Cash generated from/(used in) operations	7,328,225	(175,417)
Income tax paid	(1,033,968)	(281,547)
Net cash flow generated from/(used in) operating activities	6,294,257	(456,964)
Investing activities		
Additions of exploration and evaluation assets	(404,417)	(1,210,406)
Additions to mine properties	(550,353)	(4,948,601)
Additions of plant and equipment	(5,481,381)	(4,734,016)
Proceeds on disposal of exploration and evaluation assets	–	83,109
Proceeds on disposal of plant and equipment	35,092	9,023
Interest received	214	192
Net cash flow used in investing activities	(6,400,845)	(10,800,699)
Financing activities		
Proceeds from issuance of ordinary shares	733	2
Interest paid	(7,157)	(381,850)
Net repayment of borrowings (Note A)	(21,868)	(4,794)
Repayment to ultimate holding company (Note A)	–	(1,425,285)
Advances from shareholders (Note A)	2,218,552	13,059,961
Net cash flow generated from financing activities	2,190,260	11,248,034
Net change in cash and cash equivalents	2,083,672	(9,629)
Effect of exchange rate changes on cash and cash equivalents	4,800	4,794
Cash and cash equivalents at beginning of financial year	40,956	45,791
Cash and cash equivalents at end of financial year	2,129,428	40,956

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

Note A: Reconciliation of liabilities arising from financing activities

	At 1 March 2018 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 28 February 2019 US\$
Finance lease payables (Note 14)	22,678	(21,868)	(810)	–
Amount 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>
	At 1 March 2017 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 28 February 2018 US\$
Finance lease payables (Note 14)	24,497	(4,794)	2,975	22,678
Amount due to ultimate holding company	1,350,214	(1,425,285)	75,071	–
Amount due to shareholders	–	13,059,961	1,000,294	14,060,255
	<u>1,374,711</u>	<u>11,629,882</u>	<u>1,078,340</u>	<u>14,082,933</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

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 company incorporated and domiciled in Singapore. On 20 February 2019, in connection with its conversion into a public company limited by shares, the Company changed its name from Fortress Minerals Pte. Ltd. to Fortress Minerals Limited. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 March 2019.

The Company’s registered office and its principal place of business is located at 8 Robinson Road #03-00 ASO Building Singapore 048544 and its principal place of business is located at 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan. The registration number of the Company is 201732608K.

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

The Company’s ultimate controlling party is Chee Yew Fei, who is a Director of the Company as at 28 February 2019 and 28 February 2018.

The statement of financial position of the Company as at 28 February 2019 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 28 February 2019 were authorised for issue in accordance with a Directors’ resolution dated 31 May 2019.

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 following steps were taken in the Restructuring Exercise:

(i) Incorporation of Fortress Resources Pte. Ltd. (“Fortress Resources”)

Fortress Resources was incorporated in Singapore on 8 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1 comprising 1 ordinary share held by the Company’s CEO, Chee Yew Fei.

(ii) Incorporation of the Company

The Company was incorporated in Singapore on 13 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1 comprising 1 ordinary share held by the Company’s CEO, Chee Yew Fei.

(iii) Increase in capital of the Company

The Company’s CEO, Chee Yew Fei, Greger International Sdn. Bhd. (“GISB”) and SDB Mining Sdn. Bhd. (“SDB Mining”) had on 1 August 2018 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 comprising 1,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(iv) Incorporation of Fortress Logistics Sdn. Bhd. (“Fortress Logistics”)

Fortress Logistics was incorporated in Malaysia on 3 September 2018 as a private company limited by shares with an initial paid-up capital of MYR2 comprising 2 ordinary shares held by Fortress Mining Sdn. Bhd (“Fortress Mining”).

(v) Increase in capital of Fortress Logistics

Fortress Mining had on 4 September 2018 subscribed for 299,998 ordinary shares in the capital of Fortress Logistics. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of Fortress Logistics was MYR300,000 comprising 300,000 ordinary shares.

(vi) Incorporation of Fortress Industries Sdn. Bhd. (“Fortress Industries”)

Fortress Industries was incorporated in Malaysia on 18 September 2018 as a private company limited by shares with an initial paid-up capital of MYR100,000 comprising 100,000 ordinary shares held by Fortress Mining.

(vii) Acquisition of Fortress Resources by the Company

Pursuant to a share transfer instrument dated 30 November 2018, the Company acquired from the Company’s CEO, Chee Yew Fei, the entire issued and paid-up share capital of Fortress Resources, at a nominal consideration of S\$1. The acquisition consideration was arrived at on a willing-buyer willing-seller basis, taking into account, amongst others, the NAV of Fortress Resources as at 31 August 2018, as Fortress Resources is a newly incorporated company with no operations prior to the Restructuring Exercise.

Following the completion of the above transaction, Fortress Resources became a wholly-owned subsidiary of the Company on 12 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(viii) Acquisition of Fortress Mining by the Company and capitalisation of Shareholders' Loans

Acquisition of Fortress Mining by the Company ("FMSB Acquisition")

By a restructuring agreement dated 19 February 2019 entered into between the Pre-Restructuring FMSB Shareholders, Fortress Mining and the Company (the "FMSB SPA"), taking into account the unaudited NTA value of Fortress Mining 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 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	1,973,742
GISB	1,333,633	325,763
SDB Mining	5,805,226	1,418,028
Smith St Investment Pte. Ltd.	274,571	67,069
Western Capital Sdn. Bhd.	196,123	47,907
Total	15,689,801	3,832,509

Capitalisation of Shareholders' Loans ("Loan Capitalisation")

As at the 28 February 2019, an aggregate sum of MYR64.0 million (equivalent to approximately US\$15.7 million) was owing by Fortress Mining 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	8,221,769
GISB	6,630,000	1,628,633
SDB Mining	23,000,000	5,649,856
Smith St Investment Pte. Ltd.	525,000	128,964
Western Capital Sdn. Bhd.	375,000	92,117
Total	64,000,000	15,721,339

Pursuant to the FMSB SPA, it was agreed that simultaneous with the completion of the sale and purchase of the shares in the capital of Fortress Mining held by the Pre-Restructuring Shareholders, the Pre-Restructuring FMSB Shareholders shall assign MYR30.0 million (approximately US\$7.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(viii) Acquisition of Fortress Mining by the Company and capitalisation of Shareholders' Loans (Continued)

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

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	<u>418,749,000</u>

Following the completion of the above transactions, the resultant issued and paid-up share capital of the Company was S\$15,179,328 (US\$11,254,043) comprising 418,750,000 ordinary shares.

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 approximately S\$3.6 million) was repaid. In respect of the remaining balance of the Shareholders' Loans, being MYR34.0 million (equivalent to approximately S\$11.4 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 Catalyst; but
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

Upon completion of the Restructuring Exercise on 8 March 2019 and as at the date of this report, the Company has the following subsidiaries:

Name of company	Principal place of business	Principal activities	Effective equity interest held %
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 28 FEBRUARY 2019

2. Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The restructuring exercise involved acquisitions of companies, as referred to in Note 1.2(vii) and (viii) to the consolidated financial statements, which are under common control of the ultimate controlling party. 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-subidiaries relationship was not established until after the Company formally acquired the share capital of the subsidiaries subsequent to the financial year ended 28 February 2019.

The consolidated financial statements of the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group’s and the Company’s first financial statements prepared in accordance with SFRS(I). The Group and the Company have previously prepared their financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Company has consistently applied the same accounting policies in its opening statement of financial position at 13 November 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial period ended 28 February 2018 in these financial statements have not been restated as there are no material financial impact on the transition from FRS to SFRS(I). Except for the adoption of SFRS(I) 9, relevant accounting policy that effective from 1 March 2018 is disclosed in Note 2.9 to the financial statements.

Items included in the individual financial statements of the Group are measured using 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 of the financial statements. The financial statements are expressed in United States dollar (“US\$”), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management’s best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I)s and SFRS(I) INT 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) 16	: <i>Leases</i>	1 January 2019
SFRS(I) 1-19 (Amendments)	: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
SFRS(I) 1-28 (Amendments)	: <i>Long-term interests in Associates and Joint Ventures</i>	1 January 2019
SFRS(I) 9 (Amendments)	: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
SFRS(I) INT 23	: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	: <i>Definition of Material</i>	1 January 2020
SFRS(I) 3 (Amendments)	: <i>Definition of a Business</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
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle		
– SFRS(I) 3 (Amendments)	: <i>Business Combinations</i>	1 January 2019
– SFRS(I) 11 (Amendments)	: <i>Joint Arrangements</i>	1 January 2019
– SFRS(I) 1-12 (Amendments)	: <i>Income Tax</i>	1 January 2019
– SFRS(I) 1-23 (Amendments)	: <i>Borrowing Costs</i>	1 January 2019
Various amendments	: <i>References to the Conceptual Framework in SFRS(I) Standards, illustrative examples, implementation guidance and SFRS(I) practice statements</i>	1 January 2020

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

Management anticipates that the adoption of the above new SFRS(I) amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) 16 Leases

Summary of the requirements

SFRS(I) eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 *Operating Leases – Incentives and* INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019.

Potential impact on the financial statements

As at 28 February 2019, the Group has non-cancellable operating lease commitments of US\$41,563. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

2.2 Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

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

Subsidiary are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

Acquisition under common control

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 restated. 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 acquiree is recognised directly to equity as merger reserve.

2.3 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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 relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.3 Plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

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

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Capital work-in progress represents installation of equipment in progress. The depreciation of capital work-in-progress begin 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.

2.4 Exploration and evaluation assets

Exploration and evaluation activity involves 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. 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 stated at cost less accumulated impairment losses, if any. Exploration and evaluation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.4 Exploration and evaluation assets (Continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

2.5 Mining properties

The Group capitalises all cost related to mineral properties on a property-by-property basis. Such costs include mineral properties' acquisition costs and exploration and development expenditures, net of recoveries. These deferred expenditures will be amortised over estimated life of the properties following commencement of commercial production, or written off if the properties are sold, lapsed, abandoned or when impairment in value is determined to have occurred. Licenses cost paid in connection with a right to explore in existing exploration area are capitalised and amortised over the term of the permit.

During the production phase of a mine, stripping costs are accounted for as variable 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 mineral properties and depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

The Group assesses the estimated life of mine at each reporting date and revises the estimated life of mine due to changes in the expected pattern of consumption. Revisions are not considered as errors, hence any revision in the estimated life of mine is accounted for prospectively as a change in accounting estimates. Mine properties are not amortised until construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for production.

Amortisation of mining expenditure is based on unit-of-production method over the reserves that directly benefit from the stripping activity. Management assesses the estimated reserves every year and the actual result may vary due to change in the technological developments, which resulting the adjustments to the mining expenditure. Amortisation of mining expenditure is capitalised under inventories and subsequently recognised in the profit or loss under cost of sales.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.7 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.

An assessment is made at the end of each reporting period 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.

2.8 Inventories

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

Cost is determined on a weighted average basis. The cost of iron ores comprises direct labour, other direct cost, amortisation of mining properties, depreciation of fixed assets 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets

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

The Group and the Company classify financial assets depending 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. 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.

The Group's and the Company's financial assets measured at amortised cost comprise trade receivables, other receivables and deposits and cash and bank balances in the statements of financial position.

Derecognition of financial assets

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

Accounting policy for financial assets prior to 1 March 2018

Financial assets are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables are classified within trade receivables, other receivables and deposits and cash and bank balances on the statements of financial position.

Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities

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.

Finance lease payables

Finance lease payables are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Derecognition

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.

2.13 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts. Most of the company'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 in loose bulk form to customers. Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. For overseas sales, 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 for overseas sales or is on a credit term of 7 days for sales within Malaysia.

Revenue from these sales is recognised based on the price formula specified in the contract, net of price adjustment for the impurities of iron ores as stipulated in the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

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.

2.15 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial period. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

2. Summary of significant accounting policies (Continued)

2.15 Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 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.

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 period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is 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 sourced of information that indicates the Group's assets may be impaired. The Group has determined that there are no indications of impairment on the plant and equipment and mining properties, taking into consideration the remaining estimated mining reserves, production costs and iron ore prices. The carrying amount of plant and equipment and mining properties as at 28 February 2019 were US\$11,365,523 (28 February 2018: US\$7,301,357; 1 March 2017: US\$2,053,998) and US\$6,973,060 (28 February 2018: US\$7,009,136; 1 March 2017: Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

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 its lease life. 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 financial year. 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 28 February 2019 was US\$6,973,060 (28 February 2018: US\$7,009,136; 1 March 2017: Nil) respectively.

4. Investment in a subsidiary

	Company		
	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Unquoted equity shares, at cost	1	–	–

	Company	
	2019 US\$	2018 US\$
Unquoted equity shares, at cost		
Balance at beginning of financial year	–	–
Additions during the financial year	1	–
Balance at end of financial year	1	–

The details of the subsidiary are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest held		
			28 February 2019 %	28 February 2018 %	13 November 2017 %
Fortress Resources Pte. Ltd. ⁽¹⁾	Singapore	Wholesale trade of a variety of goods without a dominant product	100	–	–

⁽¹⁾ Audited by BDO LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

5. Exploration and evaluation assets

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Exploration and evaluation assets	<u>403,005</u>	<u>–</u>	<u>405,379</u>

	Group 2019 US\$	2018 US\$
Balance at beginning of financial year	–	405,379
Additions	404,417	141,864
Farm-in of interests during the financial year	–	1,068,542
Farm-out of interests during the financial year	–	(178,090)
Transfer to mine properties (Note 6)	–	(1,437,695)
Foreign currency translation	(1,412)	–
Balance at end of financial year	<u>403,005</u>	<u>–</u>

The Group recognises its expenditures under the farm-in arrangements in respect of its own interest and that retained by the farmers, as and when the costs are incurred.

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

In the financial year ended 28 February 2018, the Group disposed its exploration and evaluation assets for a consideration of US\$178,090 for which an amount of US\$94,981 remains outstanding as at 28 February 2018. The Group wrote off the impairment of US\$178,833 provided previously upon the disposal of the asset.

Also in the same financial year, the Group transferred US\$1,437,695 from its exploration and evaluation assets to mining properties.

The carrying amount of the exploration and evaluation assets as at 28 February 2019 relates to the exploration of a new area of interest in the Bukit Besi Mine.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

6. Mining properties

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Mining properties	6,973,060	7,009,136	–
		Group 2019 US\$	2018 US\$
Cost			
Balance at beginning of financial year		7,009,136	–
Transfer from exploration and evaluation assets (Note 5)		–	1,437,695
Additions		564,747	5,050,248
Foreign currency translation		(276,014)	521,193
Balance at end of financial year		7,297,869	7,009,136
Amortisation and impairment			
Balance at beginning of financial year		–	–
Charge for the financial year		325,946	–
Foreign currency translation		(1,137)	–
Balance at end of financial year		324,809	–
Carrying amount			
Balance at end of financial year		6,973,060	7,009,136

During the financial year, the additions to mining properties includes the capitalisation of depreciation of plant and equipment of US\$14,394 (2018: US\$101,647). During the financial year, employee benefits expense of US\$219,957 (2018: US\$846,544) was capitalised in mining properties and which includes contributions to defined contribution plans of US\$15,484 (2018: US\$73,426).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

7. Plant and equipment

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Group							
Cost							
Balance at 1 March 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	<u>14,457</u>	<u>19,278</u>	<u>542,935</u>	<u>7,054,106</u>	<u>4,192,773</u>	<u>745,064</u>	<u>12,568,613</u>
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	<u>(3,939)</u>	<u>(6,859)</u>	<u>(128,659)</u>	<u>(716,314)</u>	<u>(347,319)</u>	<u>–</u>	<u>(1,203,090)</u>
Net carrying amount							
Balance at 28 February 2019	<u>10,518</u>	<u>12,419</u>	<u>414,276</u>	<u>6,337,792</u>	<u>3,845,454</u>	<u>745,064</u>	<u>11,365,523</u>
Group							
Cost							
Balance at 1 March 2017	112	7,986	43,083	23,844	114,803	1,887,745	2,077,573
Additions	10,649	3,462	225,191	364,105	109,769	4,020,840	4,734,016
Disposal	–	–	(9,498)	–	–	–	(9,498)
Reclassification	1,429	–	14,791	–	–	(16,220)	–
Foreign currency translation	941	1,355	23,532	31,141	24,072	564,304	645,345
Balance at 28 February 2018	<u>13,131</u>	<u>12,803</u>	<u>297,099</u>	<u>419,090</u>	<u>248,644</u>	<u>6,456,669</u>	<u>7,447,436</u>
Accumulated depreciation							
Balance at 1 March 2017	(45)	(1,436)	(14,841)	(795)	(6,458)	–	(23,575)
Depreciation for the financial year	(1,097)	(2,029)	(29,479)	(44,097)	(35,208)	–	(111,910)
Disposal	–	–	1,108	–	–	–	1,108
Foreign currency translation	(90)	(351)	(4,198)	(3,486)	(3,577)	–	(11,702)
Balance at 28 February 2018	<u>(1,232)</u>	<u>(3,816)</u>	<u>(47,410)</u>	<u>(48,378)</u>	<u>(45,243)</u>	<u>–</u>	<u>(146,079)</u>
Net carrying amount							
Balance at 28 February 2018	<u>11,899</u>	<u>8,987</u>	<u>249,689</u>	<u>370,712</u>	<u>203,401</u>	<u>6,456,669</u>	<u>7,301,357</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

7. Plant and equipment (Continued)

During the financial year, the Group's depreciation charged was allocated as follows:

	Group	
	2019 US\$	2018 US\$
Charged to profit or loss	6,682	10,263
Capitalised as mine properties	14,394	101,647
Capitalised as inventories	1,058,963	–
	<u>1,080,039</u>	<u>111,910</u>

The carrying amounts of plant and equipment of the Group secured by finance lease payable as at 28 February 2019 were Nil (2018: US\$24,518).

During the financial year, employee benefits expense of US\$111,281 (2018: \$232,552) was capitalised in plant and equipment and which includes contributions to defined contribution plans of US\$12,521 (2018: US\$354).

8. Inventories

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
	Iron ores	135,163	–
Consumables	303,745	222,901	–
	<u>438,908</u>	<u>222,901</u>	<u>–</u>

9. Trade receivables

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
	Trade receivables – third parties	<u>2,097,620</u>	<u>51,844</u>

Trade receivables are unsecured (except for those with letters of credit), non-interest bearing and is on a credit term of 7 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

9. Trade receivables (Continued)

The currency exposure profile of trade receivables as at the end of the respective reporting periods is United States Dollar.

The ageing analysis of trade receivables of the Group was as follows:

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Neither past due nor impaired	<u>2,097,620</u>	<u>51,844</u>	<u>-</u>

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

10. Other receivables, deposits and prepayments

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	Company 28 February 2018 US\$	13 November 2017 US\$
Other receivables	-	275,014	189,110	-	-	-
Deposits	162,806	146,802	27,758	-	-	-
Prepayment	1,307,218	1,379,845	1,124,733	-	-	-
GST receivables	202,914	557,519	7,397	-	-	-
	1,672,938	2,359,180	1,348,998	-	-	-
Less:						
Prepayments	(1,307,218)	(1,379,845)	(1,124,733)	-	-	-
GST receivables	(202,914)	(557,519)	(7,397)	-	-	-
Add:						
Trade receivables (Note 10)	2,097,620	51,844	-	-	-	-
Cash and bank balances (Note 11)	2,129,428	40,956	45,791	6,388	1	-
Total financial assets carried at amortised cost	4,389,854	514,616	262,659	6,388	1	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

10. Other receivables, deposits and prepayments (Continued)

Other receivables and deposits are considered to be of low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increase significantly since their initial recognition.

The currency exposure profiles of other receivables were as follows:

	Group			Company		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Malaysian Ringgit	1,337,695	2,260,081	1,348,998	-	-	-
United States Dollar	335,243	99,099	-	-	-	-
	1,672,938	2,359,180	1,348,998	-	-	-

11. Cash and bank balances

The currency exposure profiles of cash and bank balances were as follows:

	Group			Company		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Malaysian Ringgit	954,130	40,823	35,938	-	-	-
Singapore Dollar	8,092	1	-	5,895	1	-
United States Dollar	1,167,206	132	9,853	493	-	-
	2,129,428	40,956	45,791	6,388	1	-

12. Share capital

	Group		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$
Issued and fully paid ordinary shares			
Fortress Minerals Limited	734	1	-
Fortress Mining Sdn. Bhd.	267,673	267,673	267,673
Fortress Resources Pte. Ltd.	-	1	-
Balance at end of financial year	268,407	267,675	267,673

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

12. Share capital (Continued)

	Group		Company	
	2019 US\$	2018 US\$	2019 US\$	2018 US\$
Issued and fully paid ordinary shares				
Balance at beginning of financial year	267,675	267,673	1	–
Issued during the financial year	733	2	733	1
Restructuring exercise (Note 1.2)	(1)	–	–	–
Balance at end of financial year	268,407	267,675	734	1

As the Company was incorporated only on 13 November 2017, for the purpose of these consolidated financial statements, the share capital at 1 March 2017, 28 February 2018 and 28 February 2019 represents the aggregation of the Group's interest in the issued and paid-up capital of the Company and all of its subsidiaries.

	Group		Company	
	2019	2018	2019	2018
Number of ordinary shares				
Issued and fully paid ordinary shares				
Balance at beginning of financial year	1,000,002	1,000,000	1	–
Issued during the financial year	999	2	999	1
Restructuring exercise (Note 1.2)	(1)	–	–	–
Balance at end of financial year	1,001,000	1,000,002	1,000	1

The Company issued 1 share for US\$0.738 on date of incorporation. During the current financial year, the Company issued 999 ordinary shares at the issue price of US\$0.733 per ordinary share.

On 8 November 2017, the Company's CEO incorporated a 100% owned subsidiary, namely Fortress Resources Pte. Ltd. in Singapore with and issued and paid up share capital of US\$1 comprising 1 ordinary share. As disclosed in Note 1.2 (vii), on 12 December 2018, the Company had acquired from the Company's CEO the entire issued and paid-up share capital of Fortress Resources, at a nominal consideration of S\$1.

As disclosed in Note 1.2(viii), the Company issued 418,749,000 ordinary shares as a result of the Restructuring Exercise. Following the completion, the Company's issued and paid-up share capital of the Company was US\$11,161,269 comprising 418,750,000 ordinary shares.

The holder of ordinary share is entitled to receive dividends as and when declared by the Company. The ordinary share carries one vote per share without restrictions. The share has no par value.

13. Other reserves

	Group		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$
Capital reserves	383,615	383,615	383,615
Foreign currency translation reserve	134,264	223,553	1,142
	517,879	607,168	384,757

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

13. Other reserves (Continued)

Capital reserves

Capital reserves are non-distributable and represent the difference between fair value of the interest-free loan from the Fortress Mining Sdn. Bhd.'s previous ultimate holding company and the loan amount at inception (Note 16).

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.

14. Finance lease payables

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Minimum lease payments due:			
– not later than one year	–	7,060	6,200
– later than one year and not later than five years	–	17,611	21,180
	–	24,671	27,380
Less: Future interest charges	–	(1,993)	(2,883)
Present value of finance lease liabilities	–	22,678	24,497

The present value of finance lease payable is repayable as follows:

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Repayable as follows:			
Within one year	–	6,093	4,989
After one year but within five years	–	16,585	19,508
	–	22,678	24,497

The currency exposure profile of finance lease payables as at the end of the respective reporting periods is Malaysian Ringgit.

As at 28 February 2018 and 1 March 2017, the finance lease payables of the Group is subject to fixed weighted average effective rates of 4.91% with a maturity period of 5 years.

The management estimates that the carrying amount of the Group's finance lease payable approximates its fair value.

15. Deferred tax liabilities

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Deferred tax liabilities	504,898	54,703	8,105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

15. Deferred tax liabilities (Continued)

	Group	
	2019 US\$	2018 US\$
Balance at beginning of financial year	54,703	8,105
Recognised in profit or loss	453,917	42,256
Foreign currency translation	(3,722)	4,342
Balance at end of financial year	<u>504,898</u>	<u>54,703</u>

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

16. Amount due to ultimate holding company

As at 1 March 2017, the Group had negotiated the repayment term with its ultimate holding company and the repayments are not expected to be recalled in the next 12 months. The amount owing to ultimate holding company represents payments made on behalf which is unsecured, interest-free and repayable on demand in cash.

In the financial year ended 28 February 2018, the Group's ultimate holding company disposed its equity interest in Fortress Mining Sdn. Bhd. and accordingly ceased to be the ultimate holding company and became a related party of the Group.

The currency exposure profile of amount owing to ultimate holding company as at the end of the respective reporting periods is Malaysian Ringgit.

17. Other payables and accruals

	Group			Company		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Other payables	631,628	450,657	43,191	126,058	-	-
Accruals	1,328,754	335,788	566,000	233,509	1,509	-
	<u>1,960,382</u>	<u>786,445</u>	<u>609,191</u>	<u>359,567</u>	<u>1,509</u>	<u>-</u>
Add:						
Trade payables	256,797	-	-	-	-	-
Amount due to ultimate holding company (Note 16)	-	-	1,350,214	-	-	-
Amount due to a related party (Note 18)	-	660,634	-	-	-	-
Amount due to shareholders (Note 19)	-	14,060,255	-	-	-	-
Finance lease payables (Note 14)	-	22,678	24,497	-	-	-
Total financial liabilities carried at amortised cost	<u>4,177,561</u>	<u>15,530,012</u>	<u>1,983,902</u>	<u>359,567</u>	<u>1,509</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

17. Other payables and accruals (Continued)

The currency exposure profiles of other payables and accruals were as follows:

	Group			Company		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Malaysian Ringgit	1,616,810	783,427	609,191	22,185	–	–
Singapore Dollar	343,572	3,018	–	337,382	1,509	–
	1,960,382	786,445	609,191	359,567	1,509	–

18. Amount due to a related party

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

The currency exposure profiles of amount due to a related party were as follows:

	Group			Company		
	28 February 2019 US\$	28 February 2018 US\$	1 March 2017 US\$	28 February 2019 US\$	28 February 2018 US\$	13 November 2017 US\$
Malaysian Ringgit	–	660,634	–	–	–	–
United States Dollar	–	–	–	719,243	225,675	–
	–	660,634	–	719,243	225,675	–

19. Amount due to shareholders

In the previous financial year, amount owing to shareholders represented advances with no specified terms.

In the current financial year, the shareholders have committed not to demand for repayment within the next 12 months after the financial year end. Accordingly, the amount due to shareholders has been reclassified to non-current liabilities.

The currency profile of amount owing to shareholders as at the end of the respective reporting periods is Malaysian Ringgit.

20. Revenue

Revenue represents income derived from sale of iron ore and is recognised at a point of time as and when control of the iron ore is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the iron ore that would be transferred to the customer. The Group have an enforceable right to payment for performance completed to date. The Group's revenue amounting to US\$4,764,581 and US\$15,864,540 is derived from Malaysia and People's Republic of China respectively and are all related to the Group's iron ore segment.

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognised revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customers of the Group's performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

21. Other operating income

	Group	
	2019	2018
	US\$	US\$
Sale of iron ore stockpiles	2,000,920	901,883
Gain on disposal of plant and equipment	–	633
Interest income	214	192
Others	587	55,867
	<u>2,001,721</u>	<u>958,575</u>

22. Employee benefits expense

	Group	
	2019	2018
	US\$	US\$
Wages, salaries and other emoluments	1,516,901	197,253
Contributions to defined contribution plans	98,374	19,419
Social security contributions	8,599	1,547
Other benefits	595,788	140,452
	<u>2,219,662</u>	<u>358,671</u>

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

	Group	
	2019	2018
	US\$	US\$
Cost of sales	1,535,909	–
Other operating expenses	683,753	358,671
	<u>2,219,662</u>	<u>358,671</u>

Included in the employee benefits expense were the remuneration of Directors of the Company as follows:

	Group	
	2019	2018
	US\$	US\$
Wages, salaries and other emoluments	236,268	29,195
Contributions to defined contribution plans	22,706	1,150
Social security contributions	321	159
Other benefits	19	–
	<u>259,314</u>	<u>30,504</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

23. Finance costs

	Group	
	2019	2018
	US\$	US\$
Interest expense on:		
– amount due to a related party	–	380,657
– finance lease payables	715	1,193
– trust receipts	6,442	–
	<u>7,157</u>	<u>381,850</u>

24. Profit/(Loss) 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	
	2019	2018
	US\$	US\$
<i>Selling and distribution expenses</i>		
Handling and transportation charges	1,490,251	–
Commission expense	241,410	–
Ocean freight	2,432,614	–
Royalty expense	1,183,068	–
<i>Other operating expenses</i>		
Upkeep of machineries	567,769	10,198
Upkeep of site	117,914	–
<i>Administrative expenses</i>		
Donations	15,939	1,589
Operating leases – office rental	21,693	27,307
Listing expenses	756,888	225,675
Loss on disposal of plant and equipment	1,390	–
Foreign exchange loss, net	<u>310,766</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

25. Income tax expense

	Group	
	2019	2018
	US\$	US\$
Current income tax		
– current financial year	1,460,719	12,851
– over provision in respect of prior financial year	–	(923)
	<u>1,460,719</u>	<u>11,928</u>
Deferred tax		
– current financial year	430,328	33,656
– under provision in respect of prior financial year	23,589	8,600
	<u>453,917</u>	<u>42,256</u>
Income tax expense recognised in profit or loss	<u>1,914,636</u>	<u>54,184</u>

Reconciliation of effective income tax rate

The Singapore income tax is calculated at the statutory tax rate of 17% of the accounting profit/(loss) for the fiscal year. The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group is as follows:

	Group	
	2019	2018
	US\$	US\$
Profit/(Loss) before income tax	6,808,760	(357,209)
Income tax calculated at Singapore's statutory income tax rate of 17% (2018:17%)	1,157,489	(60,726)
Effect of different tax rate in other countries	534,845	(8,939)
Tax effect of non-deductible expenses for income tax purposes	211,691	148,594
Tax effect of income not subject to income tax	(2,493)	(25,298)
Corporate tax rebate and incentive	(10,485)	(7,124)
Over provision of current income tax in respect of prior financial year	–	(923)
Under provision of deferred tax in prior financial year	23,589	8,600
	<u>1,914,636</u>	<u>54,184</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

26. Earnings/(Loss) per share

The calculation for earnings per share is based on:

	Group	
	2019	2018
Profit/(Loss) for the financial year attributable to owners of the Company (US\$)	<u>4,894,124</u>	<u>(411,393)</u>
Weighted-average number of ordinary shares used in issue during the financial year applicable to earnings per share	<u>418,749,584</u>	<u>418,749,000</u>
<i>Earnings/(Loss) per share (in cents)</i>		
– Basic and diluted	<u>1.17</u>	<u>(0.10)</u>

The calculations of basic earnings per share are based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the financial year and the 418,749,000 shares issued for the Restructuring Exercise as set out in the Company's Offer Document dated 19 March 2019.

As the Group had no dilutive potential ordinary shares, the diluted earnings/(loss) per share is equivalent to basis earnings/(loss) per share for the financial year ended 28 February 2019 and 28 February 2018.

27. Operating lease commitments

The Group as lessee

The Group leases office lots under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 1 to 2 years and rentals are fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2019 US\$	2018 US\$
Within one financial year	<u>22,501</u>	30,677
After one financial year but within five financial years	<u>19,062</u>	30,677
	<u>41,563</u>	<u>61,354</u>

28. Significant related party transactions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

28. Significant related party transactions (Continued)

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and its related parties during the financial years ended 28 February 2019 and 28 February 2018:

	Group	
	2019	2018
	US\$	US\$
With related parties		
Sales of goods and services	–	(102,118)
Purchase of goods and services	937,983	1,004,277
Purchase of fixed assets	300,682	260,472
Rental of machinery and motor vehicle	1,419,798	1,192,906
Rental of office	21,693	11,873
Supply of workers	13,683	6,551
Advance from	1,234,994	534,271
Paid on behalf by	1,172	81,610
Payment on behalf for	–	1,482
With ultimate holding company		
Sales of goods and services	–	(103,374)
Purchase of goods and services	–	193,868
Purchase of fixed assets	–	868,502
Rental of machinery and motor vehicle	–	1,555,315
Rental of office	–	15,435
Supply of workers	–	8,645
Advance from	–	3,409,837
Paid on behalf by	–	197,497
With shareholders		
Advances	2,218,552	13,059,961
With Director		
Paid on behalf by	–	85,020

29. 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 2 reportable segments being iron ore and bauxite. The Group's reportable segments are as follows:

- (i) Iron ore – exploration, mining and production of iron ore.
- (ii) Bauxite – transportation and trading of bauxite.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

29. Segment information (Continued)

	Iron ore US\$	Unallocated US\$	Group US\$	
2019				
Revenue				
External customers, representing total revenue	20,629,121	–	20,629,121	
Results:				
Interest income	–	214	214	
Amortisation of mining properties	(25,946)	–	(325,946)	
Depreciation of plant and equipment	(6,682)	–	(6,682)	
Interest expense	(7,157)	–	(7,157)	
Segment profit/(loss)	7,654,730	(845,970)	6,808,760	
Assets:				
Additions to non-current assets	6,436,151	–	6,436,151	
Segment assets	25,074,094	6,388	25,080,482	
Segment liabilities	2,650,905	16,080,905	18,731,810	
	Iron ore US\$	Bauxite US\$	Unallocated US\$	Group US\$
2018				
Revenue				
External customers, representing total revenue	–	–	–	–
Results:				
Interest income	–	–	192	192
Depreciation of plant and equipment	(201)	–	(10,062)	(10,263)
Interest expense	–	–	(381,850)	(381,850)
Segment profit	571,591	–	(928,800)	(357,209)
Assets:				
Additions to non-current assets	10,870,790	–	123,880	10,994,670
Segment assets	16,550,962	161,054	415,804	17,127,820
Segment liabilities	1,436,136	–	14,148,579	15,584,715

Geographical information

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

Major customer

The Group's revenue from iron ore segment of US\$20,629,121 (2018: Nil) is derived from various customers in Malaysia and People Republic of China. The Group derives revenue from 4 (2018: Nil) 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\$20,629,121 respectively (2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

30. Financial instruments, financial risks and capital management

The Group's activities expose them to credit risks and liquidity risks arising in the ordinary course of business. 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 Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

30.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. 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 does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amounts of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk. The Group does not hold any collateral. The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. As at the end of the respective reporting periods, there is no trade receivables past due but not impaired.

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 immaterial credit loss.

30.2 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting their short-term obligations. 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 28 FEBRUARY 2019

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

30.2 Liquidity risk (Continued)

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay.

	Within 1 year US\$	Between 1 and 5 years US\$	Total US\$
Group			
At 28 February 2019			
Trade payables	256,797	–	256,797
Other payables and accruals	1,960,382	–	1,960,382
	<u>2,217,179</u>	<u>–</u>	<u>2,217,179</u>
At 28 February 2018			
Other payables and accruals	786,445	–	786,445
Amount due to a related party	660,634	–	660,634
Amount due to shareholders	14,060,255	–	14,060,255
Finance lease payables	7,060	17,611	24,671
	<u>15,514,394</u>	<u>17,611</u>	<u>15,532,005</u>
At 1 March 2017			
Other payables and accruals	609,191	–	609,191
Amount due to ultimate holding company	–	1,710,819	1,710,819
Finance lease payables	6,200	21,180	27,380
	<u>615,391</u>	<u>1,731,999</u>	<u>2,347,390</u>
Company			
At 28 February 2019			
Other payables and accruals	359,567	–	359,567
Amount due to a related party	719,243	–	719,243
	<u>1,078,810</u>	<u>–</u>	<u>1,078,810</u>
At 28 February 2018			
Other payables and accruals	1,509	–	1,509
Amount due to a related party	225,675	–	225,675
	<u>227,184</u>	<u>–</u>	<u>227,184</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

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

30.3 Capital management policies and objectives

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

The Group and the Company manage their capital structure which consist of equity attributable to owners of the parent, comprising issued share capital and retained earnings and make adjustments to it, in light with changes in economic conditions.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group's overall strategy remains unchanged during the financial years ended 28 February 2018 and 28 February 2019.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt includes, other payables and accruals and derivative financial instruments less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital, reserves and retained earnings.

	28 February 2019 US\$	Group 28 February 2018 US\$	1 March 2017 US\$
Trade payables	256,797	–	–
Other payables and accruals	1,960,382	786,445	609,191
Finance lease payables	–	22,678	24,497
Amount due to ultimate holding company	–	–	1,350,214
Amount due to a related party	–	660,634	–
Amount due to shareholders	15,721,339	14,060,255	–
Less: Cash and cash equivalents	(2,129,428)	(40,956)	(45,791)
Net debt	15,809,090	15,489,056	1,938,111
Equity attributable to the owners of the Company	6,348,673	1,543,105	1,732,085
Total capital	22,157,763	17,032,161	3,670,196
Gearing ratio (%)	71.3%	90.9%	52.8%

The Group has no externally imposed capital requirements for the financial years ended 28 February 2018, 28 February 2019 and on 1 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

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

30.4 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 carried at fair value

The management of the Group has determined that the carrying amounts of cash and bank balances, trade receivables, other receivables and deposits, trade payables, other payables, current amount due to shareholders and amount due to a related party approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the Group's finance lease payables is as disclosed in Note 14.

Amount owing to ultimate holding company

The valuation technique and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value is detailed in the table below:

Financial liabilities	Valuation and technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Amount due to ultimate holding company	Discounted cash flow method	Discount rate (8.21%)	The higher the discount rate, the lower the fair value of the financial liabilities would be

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

31. Capital commitments

As at the end of the reporting period, the Group had capital expenditure contracted but not provided for commitments for the acquisition of plant and equipment amounting to US\$168,750 (2018: Nil)

32. Events after the reporting period

Subsequent to 28 February 2019, the Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 27 March 2019.

In connection with the listing, the Company issued 75,000,000 ordinary shares for a total consideration of S\$15.0 million (US\$11.1 million) and the resultant issued and paid up share capital increased to S\$31.4 million (US\$23.2 million) comprising 500,000,000 ordinary shares.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MAY 2019

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

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>% OF HOLDERS</u>	<u>NO. OF SHARES</u>	<u>% OF SHARES</u>
1 – 99	0	0.00	0	0.00
100 – 1,000	5	11.36	3,530	0.00
1,001 – 10,000	9	20.45	50,900	0.01
10,001 – 1,000,000	17	38.64	3,106,000	0.62
1,000,001 & ABOVE	13	29.55	496,839,570	99.37
TOTAL	44	100.00	500,000,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 17 MAY 2019

<u>NAME OF SHAREHOLDERS</u>	<u>NO. OF SHARES</u>	<u>% OF SHARES</u>
Y F CHEE HOLDINGS PTE. LTD.	215,655,720	43.13
SDB MINING SDN. BHD.	154,937,500	30.99
UOB KAY HIAN PTE LTD	38,530,700	7.71
GREGER INTERNATIONAL SDN. BHD.	35,593,750	7.12
LOH CHEN YOOK	18,106,000	3.62
MAYBANK KIM ENG SECURITIES PTE.LTD.	9,295,000	1.86
SMITH ST INVESTMENT PTE. LTD.	7,328,125	1.46
WESTERN CAPITAL SDN. BHD.	5,234,375	1.05
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.	4,000,000	0.80
TEO CHEE KOK	2,850,000	0.57
CITIBANK NOMINEES SINGAPORE PTE LTD	2,758,400	0.55
LEOW FAN SIEW	1,300,000	0.26
LOONG CHING HONG	1,250,000	0.25
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	520,000	0.10
TAN MARGARET	500,000	0.10
TAN CHIN HWEE (CHEN JINGHUI)	410,000	0.08
RHB SECURITIES SINGAPORE PTE LTD	363,000	0.07
VALERIE CHEAH PEK YEE	334,000	0.07
TEO BOON WAH OR BEN LEOW BOON KIAT	150,000	0.03
OCBC SECURITIES PRIVATE LTD	144,000	0.03
TOTAL	499,260,570	99.85

STATISTICS OF SHAREHOLDINGS

AS AT 17 MAY 2019

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⁾	–	–	154,937,500	30.99
Teh Lip Bin ⁽³⁾⁽⁴⁾⁽⁵⁾	–	–	154,937,500	30.99
Teh Lip Kim ⁽³⁾⁽⁴⁾⁽⁶⁾	–	–	162,265,625	32.45

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 38.90% 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 Lip Kim holds 100% of the share of Smith St Investment Pte. Ltd. and approximately 60.3% (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 17 May 2019, approximately 16.00% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the Company will be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on Wednesday, 26 June 2019 at 3.00 p.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 28 February 2019 together with Directors’ Statement and the Auditor’s Report thereon. **Resolution 1**
2. To re-elect Dato’ Sri Ivan Chee Yew Fei, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 2**
[See Explanatory Note 1]
3. To re-elect Mr Ng Mun Fey, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 3**
[See Explanatory Note 1]
4. To re-elect Ms Willa Chee Keng Fong, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 4**
[See Explanatory Note 1]
5. To re-elect Ms Teh Lip Kim, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 5**
[See Explanatory Note 1]
6. To re-elect Mr Loong Ching Hong, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 6**
[See Explanatory Note 1]
7. To re-elect Mr Chew Wai Chuen, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 7**
[See Explanatory Note 1]
8. To re-elect Ms Anita Chew Cheng Im, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 8**
[See Explanatory Note 1]
9. To re-elect Mr Goh Kah Im, a Director retiring pursuant to Regulation 97 of the Company’s Constitution. **Resolution 9**
[See Explanatory Note 1]
10. To approve the payment of Directors’ fees of S\$6,493.15 for the financial year ended 28 February 2019. **Resolution 10**
11. To approve the payment of Directors’ fees of S\$237,000.00 for the financial year ending 29 February 2020, payable quarterly in arrears. **Resolution 11**
12. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 29 February 2020 and to authorise the Directors to fix their remuneration. **Resolution 12**
13. To transact any other ordinary business which may properly be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

14. 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;
- (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 which are outstanding or subsisting at the time this Resolution is passed, 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;
- (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 13

NOTICE OF ANNUAL GENERAL MEETING

15. 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 14

By Order of the Board

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

11 June 2019
Singapore

Explanatory Notes:

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

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

Dato’ Sri Ivan Chee holds 100% and 60% of the shares of Y F Chee Holdings Pte Ltd and Greger International Sdn Bhd respectively.

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

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.

Ms Willa Chee Keng Fong, a Non-Executive and Non-Independent Director of the Company is the daughter of Dato’ Sri Ivan Chee. Saved 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 Teh Lip Kim, a Non-Executive and Non-Independent Director is a substantial shareholder of the Company. Ms Teh Lip Kim is deemed interested in the shares of the Company held through the following companies:-

- (a) Smith St Investment Pte Ltd – 7,328,125 (1.47%)
- (b) SDB Mining Sdn Bhd – 154,937,500 (30.99%)

Ms Teh Lip Kim holds 100% the shares of Smith St Investment Pte Ltd. She also holds directly and indirectly approximately 60.3% of the shares of Selangor Dredging Berhad, a company that hold the entire issued and paid up share capital of SDB Mining Sdn Bhd.

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

Mr Loong Ching Hong, a Non-Executive and Non-Independent Director of the Company is the Group General Manager of Selangor Dredging Berhad (a substantial shareholder holding 30.99% shareholding in the capital of the Company). Mr Loong Ching Hong will, upon re-election, continue to serve as a member of the Remuneration Committee. Mr Loong Ching Hong does not have any relationships including immediate family relationships between himself and the Directors, the Company and other substantial shareholders.

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

Further information on all the aforementioned directors can be found under the section title "Board of Directors" on pages 9-12. "Corporate Governance Report" on pages 17-45 and "Key Information" on pages 46-53 of the 2019 Annual Report.

- Ordinary Resolution 13, if passed, will empower the Directors from the date of this annual general meeting until the date of the next annual general meeting or the date by which the next annual general meeting 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 13 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 13 is passed and any subsequent consolidation or subdivision of shares.

- Ordinary Resolution 14, 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 annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Notes:

- A member of the Company (other than a Relevant Intermediary) (as defined in Note 2 below) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company and where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.
- A member who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

"Relevant Intermediary" means:

- a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- The proxy need not be a member of the Company.
 - If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
 - The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 8 Robinson Road #03-00 ASO Building Singapore 048544, not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting of Singapore.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)
being a member/members* of Fortress Minerals Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

or failing him/her*, the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf, at the AGM of the Company to be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on Wednesday, 26 June 2019 at 3.00 p.m., and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements for the financial year ended 28 February 2019 together with the Directors' Statement and the Auditors' Report thereon.		
2.	Re-election of Dato' Sri Ivan Chee Yew Fei as Director of the Company.		
3.	Re-election of Mr Ng Mun Fey as Director of the Company.		
4.	Re-election of Ms Willa Chee Keng Fong, as Director of the Company.		
5.	Re-election of Ms Teh Lip Kim as Director of the Company.		
6.	Re-election of Mr Loong Ching Hong as Director of the Company.		
7.	Re-election of Mr Chew Wai Chuen as Director of the Company.		
8.	Re-election of Ms Anita Chew Cheng Im as Director of the Company.		
9.	Re-election of Mr Goh Kah Im as Director of the Company.		
10.	Approval of payment of Directors' fees of S\$6,493.15 for the financial year ended 28 February 2019.		
11.	Approval of payment of Directors' fees of S\$237,000.00 for the financial year ending 29 February 2020, payable quarterly in arrears.		
12.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
13.	Authority to allot and issue shares in the capital of the Company.		
14.	Authority to allot and issue shares under the Fortress Employee Share Option Scheme.		

* Delete as appropriate.

If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" as appropriate.

Dated this _____ day of _____ 2019

Total number of Shares Held	
CDP Register	
Register of Members	
TOTAL	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. Please insert the total number of 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, Chapter 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 a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary) (as defined in Note 3 below) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints two (2) proxies, the member must specify the proportion of shareholdings to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
 5. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 8 Robinson Road #03-00 ASO Building Singapore 048544, not less than seventy-two (72) hours before the time set for the AGM of the Company.
 6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
 7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 8. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
 9. The Company shall be entitled to reject an instrument of proxy 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 on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By attending the AGM of the Company and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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