Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Don Agro International Limited

Stock code: GRQ

Meeting details:
Date: 29 April 2022
Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The auditors have included an emphasis of matter, with respect to the uncertain financial and economic impact on the group arising from the armed conflict between Russia and Ukraine in their report on the audited financial statements of the group for the financial year ended 31 December 2021.

The board has stated that there is no immediate concern to the group's operations. Details can be found in Note 33 (pages 100 to 102 – Subsequent events). The chairman, in his statement, added that the board did not recommend a final dividend for FY2021 due to "the events associated with Russia and Ukraine".

Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Operations: Does the group have urgent/significant needs for capital goods/equipment in the next 12-18 months? How efficient is the current operation? Is there any impact on the current planting/seeding season? In addition, how will the group be finetuning its crop production in view of the foreseeable operational constraints, higher crop prices and higher price volatility?**

(ii) **Major customers:** As shown in Note 29 (page 96 – Operating segments: Geographical information & major customers), the group's customers are in the Russian Federation and the group does not see any immediate impact on the group's financial performance given that it has minimal exposure to foreign currency risk. The top three customers account for $23.5 million out of the $30.9 million in revenue for FY2021. Transactions are predominantly denominated in Russian Rouble. **Are the major customers on the global sanction list or are engaged in any sanctioned activities? Are any of the group's customers badly affected financially (by sanctions) or operationally (supply chain etc) that would cause concern to the group? Has the group been able to collect its receivables on time?**

(iii) **Liquidity risk: Are any of the financial institution(s) that hold the group's fixed deposits on the Specially Designated Nationals And Blocked Persons list?**

Q2. As noted in the chairman's message, since 2020, the group has increased its land bank by 26% or 14,100 hectares. It now controls an enlarged land bank of approximately 67,340 hectares, from just 3,500 hectares when the company was first incorporated in 2009.

(i) **Is the group proceeding with land acquisitions in the current climate?**

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(ii) **For the benefit of shareholders, can the company explain what it means when the company "controls" a piece of land? Does the company acquire a lease or a land-use right?**

(iii) **How many hectares of the group's land involve "rent-in-kind" payments to the landlords?**

(iv) Land (under property, plant and equipment) was carried at $4.03 million as at 31 December 2020. Following an addition of $548,000 and an acquisition amounting to $1.21 million, there was a revaluation gain of $21.2 million (page 65). The carrying value of land amounted to $26.8 million as at 31 December 2021. **Can the board help shareholders to better understand the reasons for the significant revaluation in land in FY2021?**

Q3. In the notice of annual general meeting, the company has informed that KPMG LLP would not be seeking re-appointment as auditors of the company at this coming AGM. The company is looking to appoint new auditors as soon as possible.

(i) **Did the audit and risk committee (ARC) determine the reasons for KPMG LLP to not seek re-appointment as auditors of the company? For the benefit of shareholders, will the reasons be disclosed during the AGM?**

(ii) **How will the ARC be evaluating and selecting the new auditors?**

(iii) **What is the progress made by the ARC in appointing new auditors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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