

DON AGRO INTERNATIONAL LIMITED

Registration No. 201835258H
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT 2024 OF DON AGRO INTERNATIONAL LIMITED

The Board of Directors (the “**Board**”) of Don Agro International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce its responses to the queries raised by the Securities Investors Association (Singapore) on the Company’s Annual Report for the financial year ended 31 December 2024 (released on 14 April 2025) (the “**FY24 AR**”). The Company did not receive any questions from the shareholders of the Company as at the deadline stated in the Notice of Annual General Meeting.

Q1. On 12 September 2024, the company announced the proposed acquisition of Euroonco, a leading network of oncology clinics in Russia providing a full range of cancer diagnostics and treatment services. The target operates a flagship medical centre in Moscow, another in Saint Petersburg, and clinics in Krasnodar and Nizhny Novgorod.

(i) How was Euroonco introduced to the group as a potential acquisition target?

The Group’s intended reorientation of its key business activities into healthcare followed the strategic divestment of its agricultural assets in 2024. A part of our leadership team—Executive Chairman, Mr. Evgeny Tugolukov, and Chief Executive Officer, Mr. Marat Devlet-Kildeev,—brings extensive prior experience in the sector. Mr. Evgeny Tugolukov plays the role of non-executive director in Asian American Medical Group Limited, while Mr. Marat Devlet-Kildeev is a director of Rigas Nuklearas Medicinas Laboratorija, SIA since 2018. Notably, as the Group’s principal shareholder, Mr. Evgeny Tugolukov founded MedScan, a diagnostic center network brand in 2014, which today is one of the largest networks of multifunctional clinics in the country, where he is in a position of non-executive director of MedScan LLC. Please refer to our response to Q1(iv) for further information on MedScan network.

It has been Don Agro’s longstanding focus on socially responsible businesses as evident through its previous agriculture business. As such, the reorientation of the Group’s key business activities to the healthcare and medical sector represents a logical progression in the Group’s journey, allowing the Group to continue creating meaningful value for communities.

The potential sale of Euroonco, a leading oncology provider established in 2011, was known among industry experts and was introduced to the Group through the Company’s industry network. After conducting a preliminary evaluation of its operational performance and long-term growth potential, the Group proceeded with the signing of the preliminary sale and purchase agreements (“**Preliminary SPAs**”) in relation to the Proposed Acquisitions, as announced by the Company on 12 September 2024 and 14 September 2024 (“**Proposed Acquisitions Announcements**”).

We wish to further highlight that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisitions will be completed. Shareholders and potential investors of the Company are advised to read the Proposed Acquisitions Announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

(ii) What level of due diligence was undertaken by management and the board, particularly in light of the geopolitical and operational risks associated with Russia?

The Company engaged a team of independent professionals to carry out, *inter alia*, preliminary financial, tax, and legal due diligence on 812 Capital LLC and Centre for Innovative Technologies,

LLC (together with their respective subsidiaries, the “**Target Group**”) prior to signing of the Preliminary SPAs. The preliminary due diligence conducted by the Company ascertained the Target Group’s operational viability and financial performance, including approximately S\$10 million in EBITDA and S\$5 million in net profit for the last twelve months as of June 2024.

In addition, a preliminary independent valuation of the Target Group was conducted to assess whether the transaction terms align with prevailing market conditions and fair value benchmarks. The results of the preliminary valuation supported the Group’s view on the strategic and financial attractiveness of the Target Group.

Following the signing of the Preliminary SPAs, the Company is currently conducting thorough due diligence in accordance with the requirements for a very substantial acquisition (“**VSA**”) under the Listing Manual Section B: Catalyst Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”). This includes but not limited to:

- A full-scope independent valuation of the Target Group;
- Comprehensive financial, tax, and legal due diligence; and
- Sanctions checks performed by the external sanctions legal counsel to ensure no involved parties are subject to sanctions binding on the Company.

This structured due diligence approach ensures that the Board and shareholders remain presented with a fully verified and well-documented basis for decision-making, allowing the Group to initiate the acquisition process. The Company remains committed to transparency, regulatory compliance, and protection of shareholders’ interests at every stage of the acquisition process.

The total consideration payable is RUB 3.035 billion (equivalent to approximately S\$43,7 million). The transaction is classified as a very substantial acquisition, and the pro forma gearing ratio post-acquisition is estimated to rise to 137.9%. [No need to correct this as it is from the SIAS letter]

(iii) What safeguards have been embedded into the acquisition terms to protect shareholder interests—e.g. deferred consideration, profit guarantees, indemnities, or earn-out mechanisms?

The Company has embedded a comprehensive suite of safeguards into the acquisition structure to protect shareholder interests and mitigate the geopolitical and operational risks associated with acquiring a healthcare business in Russia. These include:

1. Comprehensive Due Diligence

Prior to entering into Preliminary SPAs, the Company engaged independent professionals to conduct preliminary financial, tax, and legal due diligence. This ascertained that the Target Group had generated approximately S\$10 million in EBITDA and S\$5 million in net profit for the last twelve months as of June 2024.

The Company is currently in the midst of conducting comprehensive due diligence as set out above in accordance with the Catalyst Rules for VSA.

2. Refundable Payments and Secured Consideration Advance Payments

The Consideration Advance Payments and payment of the CIMT Stake Consideration (both as defined in the Company’s announcement on 12 September 2024) made are fully refundable if the Preliminary SPAs are terminated. The Consideration Advance Payments are secured by a pledge over 89.01% of the Vendors’ shares in 812 Capital LLC, which has been formally registered with the Russian state registry.

3. Enforcement Mechanisms

For the event of non-completion of Proposed Acquisitions, the terms of the Pledge Agreement (as defined in the Company’s announcement on 12 September 2024) provides for alternative forms of enforcement and foreclosure on the pledged shares by JSC Tetra (a wholly owned subsidiary of the Company) as pledgee via:

- (i) compulsory transfer of the pledged shares to JSC Tetra;
- (ii) sale through a bidding process in accordance with the Civil Code of Russian Federation to a third party;
- (iii) the private sale of the pledged shares under a commission agreement concluded by the pledgee with an agent, the terms of which are determined at the sole discretion of the pledgee; or
- (iv) private sale of the pledged shares directly to a third party without an agent,

provided that in all cases cited above, an independent valuer should be engaged by the pledgee to value the pledged shares.

The pledge of the pledged shares purports to ensure that JSC Tetra recovers an amount equal to, or as close as possible to, the Consideration Advance Payments amount by way of mechanisms of enforcement and foreclosure of the pledge shares and payment of the proceed from the sale of the pledge shares following enforcement and foreclosure is made directly to the pledgee, which protects the Company's financial interests in case the Proposed Acquisitions is terminated.

4. Operational Oversight and Internal Control

The Company's CFO has been appointed as chief financial officer of the Target Group, providing direct oversight of financial operations. In addition, key strategic and operational decisions of the Target Group business should be unanimously made by the Target Group's shareholders, which includes the Company's subsidiary, JSC Tetra which currently holds 1% in 812 Capital LLC, the holding company of the Target Group.

5. Escrow Controls and Board-Level Oversight

A net escrowed amount is held with Alfa-Bank with strict governance protocols, including unanimous board approval and dual-signatory controls. The Audit and Risk Committee and Independent Directors of the Company are authorised to seek legal counsel and directly monitor any utilisation of escrowed funds.

6. No Deferred Consideration or Earn-Out Structures

The transaction structure deliberately excludes earn-out mechanisms due to their limited enforceability and legal uncertainty under Russian law. Instead, the Company opted for clearly defined, secured terms that provide greater legal clarity and protection. Please refer to the Company's announcement on 12 September 2024 for more details on the principal terms of the Proposed Acquisitions.

These safeguards reflect the Board's disciplined approach to risk management and are designed to preserve capital, maintain strategic flexibility, and protect shareholders' value throughout the acquisition process.

(iv) What operational model and governance structure will be implemented to oversee the oncology clinics, and what experience does the group's executive team and board have in managing clinical assets in Russia?

The final operational model and governance structure for overseeing the oncology clinics will be formally implemented upon completion of the Proposed Acquisitions. However, the Group has already taken proactive steps to ensure effective oversight and risk management during the acquisition process which includes commissioning a review of the internal controls of the Target Group by an independent internal auditor.

As part of this early integration process, the Company's Chief Financial Officer, Mr. Arthur Nazaryan, has been embedded into Euroonco's operations and currently serves as chief financial officer of the Target Group. He has led the development of a detailed annual budget and has introduced a long-term financial planning system to enhance strategic visibility, cost discipline, and forecasting capabilities.

Relevant Experience within the Company's executive team:

- Mr. Evgeny Tugolukov, Executive Chairman, brings over a decade of experience in the healthcare sector as founder of MedScan, a network of multidisciplinary clinics established in Russia in 2014 and non-executive director of MedScan LLC and Asian American Medical Group Limited.

MedScan, according to its official website, is a group of full-service, non-governmental medical institutions, consisting of 65 medical centers and 431 laboratory offices across 31 regions of Russia. This network provides laboratory tests and treatment for almost any medical condition. Euroonco, on the other hand, is a network of three specialized clinics focused exclusively on oncology, such as cancer diagnostics, treatment, and palliative care. Accordingly, it is not expected to have any potential conflicts of interest between MedScan and Euroonco, assuming the completion of the Proposed Acquisitions (as defined herein).

- Mr. Marat Devlet-Kildeev, Chief Executive Officer, holds a director role in the healthcare business in Latvian Rigas Nuklearnas Medicinas Laboratorija, SIA since 2018.

This approach ensures that while day-to-day clinical operations remain responsive to local market needs, the Group retains centralised control over strategy, compliance, and financial performance, aligning the clinics with international governance standards and shareholder expectations.

In the chairman's statement, it was mentioned that this acquisition is a first step, with future growth targeted both within and beyond the Commonwealth of Independent States, including Southeast Asia—specifically Singapore and Malaysia.

- (v) ***What other strategic opportunities were evaluated, and why was a Russia-based acquisition prioritised despite the high sovereign, compliance, and capital repatriation risks?***

Following the sale of its agricultural assets in 2024, the Group explored a range of strategic opportunities, both within and outside of Russia. However, due to current capital movement control regulations and restrictions in force in Russia, it was not legally or practically feasible to repatriate the proceeds from the asset sale abroad. Under existing Russian legislation, cross-border transfers of capital derived from the sale of significant domestic assets are subject to regulatory approvals, currency conversion restrictions, and—in many cases—explicit prohibitions on outbound remittances by legal entities. These restrictions effectively limited the Group's ability to deploy capital outside of Russia in the immediate term.

In light of these constraints, the Group focused on identifying high-quality domestic investment opportunities that aligned with its long-term strategy and social impact goals. The proposed acquisition of the Target Group ("**Proposed Acquisitions**") which is operating under the "Euroonco" brand, which is a well-established oncology provider operating in an industry with growing demand, met these criteria and allowed the Group to redeploy capital efficiently within the country.

That being said, the Group remains committed to expanding its presence regionally and is actively evaluating additional potential acquisition targets across the Commonwealth of Independent States ("**CIS**") and Southeast Asia—particularly in Singapore and Malaysia. These markets have been identified as possible phases of growth and international diversification.

Q2. Mr Tan Poh Chye Allan was appointed as an independent non-executive director of the company with effect from 17 October 2024.

- (i) ***Would the nominating committee elaborate further on the rationale, selection criteria, board diversity considerations and search and nomination process, that led to the nomination and appointment of Mr Tan Poh Chye Allan, as required in the SGX template?***

The Nominating Committee of the Company (the "**NC**") conducted a structured and merit-based selection process in line with SGX guidelines on board appointments.

Rationale and Selection Criteria:

The appointment of Mr. Tan Poh Chye Allan (“**Mr. Allan**”) was driven by the Board’s strategic intent to strengthen its legal, regulatory, and corporate governance capabilities in light of the Group’s transformation and proposed M&A activities. Mr. Allan brings over 30 years of experience in corporate and commercial law, regulatory compliance, capital markets, and corporate finance. He has directorship experience in numerous SGX-ST listed companies and is highly regarded for his expertise in navigating listing rules and complex regulatory environments.

Board Diversity Considerations:

In line with its commitment to fostering diversity, in particular diversity of thought, the NC considered a range of professional and personal backgrounds, skills, and experiences. Mr. Allan’s extensive legal and governance background offers more than just complementary skills to the executive Board and management’s strengths in operations, finance, and healthcare: it provides a valuable, different lens through which to analyse challenges and opportunities. His background and experience broaden the Board’s collective viewpoint.

Search and Nomination Process:

The NC identified Mr. Allan through its professional network and industry referrals, based on a clearly defined competency matrix. The selection process included background screening, interviews with the Board members, and an assessment of his independence, alignment with the Group’s values, and availability to dedicate time to the Board duties. The NC unanimously recommended his nomination, which was subsequently approved by the Board.

The Committee is confident that Mr. Allan will bring valuable insights and contribute meaningfully to the Board’s deliberations, particularly in areas related to governance, risk management, and regulatory oversight.

- (ii) ***To facilitate informed voting, can the director share how he intends to contribute meaningfully to board discussions, particularly in overseeing complex Russian-based businesses? What is his level of familiarity with the Russian regulatory framework, language, culture, and healthcare sector—including oncology?***

While Mr. Allan does not possess direct prior experience with Russian regulatory frameworks, language, culture, market, or its healthcare sector, he brings over three decades of experience in corporate and commercial law, regulatory compliance, and governance. This experience is particularly relevant to SGX-ST listed companies. His background including advising such companies on disclosure obligations, capital-markets, and mergers and acquisitions, which positions him well to exercise independent and critical oversight, especially in complex cross-border transactions.

Mr. Allan’s primary contribution to the Board lies in his ability to assess legal and regulatory risks, evaluate the robustness of governance frameworks, and help ensure that the Company’s actions remain aligned with shareholder interests and regulatory requirements. He receives detailed briefings from the Company’s management team and other professionals engaged by the Company and is committed to continuous learning to strengthen his contextual understanding of the Russian business environment.

Since joining the board in October 2024, Mr. Allan has actively participated and contributed to its discussions, notably providing critical insights into the governance of the escrow controls procedures (as detailed in response to question (3)(ii) below).

Further, as Mr. Allan is an Independent Director of the Company which he is not involved in the operational aspect of the Group. However, the Audit and Risk Committee (“**ARC**”) of the Company and the Board will seek relevant professional engagement as and when required.

- (iii) ***What has been the director’s involvement in the proposed acquisition to date? Has he undertaken site visits or independent due diligence to assess the quality and risks of the investment?***

As the Non-Executive Independent Director, Mr. Allan has not been involved at the management level in connection with the Proposed Acquisitions, nor has he visited the assets under the Proposed Acquisitions in Russia. However, since his appointment in October 2024, he has been actively

involved in reviewing the Proposed Acquisitions from a governance and compliance perspective, including reviewing all relevant reports from the professionals engaged by the Company.

In line with his responsibilities as an independent director, Mr. Allan's primary role and duties are to ensure that the acquisition process is subject to robust governance oversight, ensuring that all shareholder interests are protected. He continues to provide input on regulatory disclosures, SGX-ST compliance matters, and the governance of the acquisition.

Q3. The company has engaged JCS MCD, the largest auditing firm in St. Petersburg, Russia, as its internal auditors. The internal audit is guided by the International Standards for Professional Practice of Internal Auditing (IIA Standards), as set out by the Institute of Internal Auditors (IIA).

Foo Kon Tan LLP (FKT) is the group's external auditor. The total audit fees payable to FKT for FY2024 amounted to S\$130,000.

(i) Can the audit and risk committee (ARC) confirm whether it met with the internal auditors from JCS MCD? How were these meetings conducted— virtually or in person—and were language barriers an issue?

JCS MCD, the Company's appointed internal auditor, was selected in full compliance with the requirements of Catalyst Rule 719(1), which mandates that the internal audit function must be adequately resourced and staffed with persons with the relevant qualifications and experience. The selection process was conducted by the ARC based on JCS MCD's credentials, extensive experience in the Russian market, and adherence to the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") issued by The Institute of Internal Auditors.

JCS MCD's team is proficient in both Russian and English, ensuring clear and effective communication with the Company's management and the ARC. While no formal in-person or virtual meetings between the ARC and JCS MCD have been necessary to date, communication has been maintained through structured reporting and management oversight. Should the ARC require direct discussions with the internal auditors, a virtual meeting is arranged as and when required.

The ARC is confident that the current communication channels and reporting mechanisms are sufficient to ensure effective internal audit oversight, and it retains full access to the internal auditors when needed.

(ii) Can the ARC explain the audit scope of FKT as group auditor in relation to the component auditors of the company's foreign-incorporated subsidiaries prior to their disposal? Specifically, how did FKT supervise, review, and assess the quality of work performed by JSC Beterra, and was this oversight deemed sufficient?

As disclosed in our FY24 AR, Foo Kon Tan LLP ("FKT") served as the Group Auditor, while JSC Beterra (also till 9 February 2023 known as JSC Baker Tilly Rus, member of the Baker Tilly International international network) acted as the component auditor for all foreign-incorporated ex-subsidiaries since the financial year ended 31 December 2022. The coordination between the two audit firms was conducted in compliance with SSA 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).

The audit process followed these key steps:

1. FKT, as the Group Auditor, provided audit instructions to JSC Beterra (the component auditor).
2. JSC Beterra performed audit procedures in accordance with the defined scope and submitted its working papers along with an audit opinion on the financial information package.
3. FKT reviewed the documentation provided by JSC Beterra and, based on this assessment, issued its independent audit opinion on the Group Financial Statements.

This structured approach ensured proper oversight, adherence to international auditing standards, and a consolidated, reliable audit opinion for stakeholders.

(iii) If the Euroonco acquisition proceeds, does the ARC believe that FKT has the capacity, experience, and geographic reach to audit a complex, multi-site oncology business in Russia?

The ARC is of the view that FKT and JSC Beterra, as the component auditors, possess the requisite expertise and capabilities to effectively audit the Group's complex, multi-site oncology operations in Russia. This confidence stems from the auditors' knowledge of the healthcare industry and its regulatory environment, which enables them to customise their audits to satisfy the requirements of both International Financial Reporting Standards and Singapore Standards of Auditing ("**SSA**").

Additionally, in line with the Singapore Standard on Quality Control ("**SSQC**"), FKT has established frameworks and processes in place to adhere to the requirements of the SSQC. In respect to the quality of the group reporting, the ARC is also satisfied with the manner in which FKT and JSC Beterra conducted the audits of the Group's historical agriculture businesses in accordance with SSA 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).

BY ORDER OF THE BOARD

Marat Devlet-Kildeev
Chief Executive Officer and Executive Director

29 April 2025

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement

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